Daily Report

Latin America

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FBIS-LAT-90-179 *14 September 1990*

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Central American Security Council Opens 12 Sep

PA1309130990 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 12 Sep 90

[Text] The Central American Security Council, made up of the deputy foreign ministers and deputy defense ministers of the area, is meeting here today and tomorrow to study the process of controlling and reducing the region's armies. Salvadoran Deputy Foreign Minister Ricardo Orlando Valdivieso said that at this meeting they will discuss the four points proposed at the Caracas meeting in December 1987, regarding a gradual demobilization of the armies, depending on each country's situation.

[Begin Valdivieso recording] The Security Council was created by the Central American presidents; it is in line with the Antigua agreement's article No. 15. The area presidents formed the Security Council, which is headed by the deputy foreign ministers of each Central American country—with Panama, the United Nations, and the OAS as observers. In this second round of talks, we are about to discuss the points on the agenda that were left pending on 10 December 1987 in Caracas, Venezuela—that is, the Caracas, or Contadora agenda.

This agenda basically consists of four points. The first is the partial demobilization of the armies. The second is the logical and proportional disarmament of each army. The third is the avoidance of military maneuvers as much as possible. The fourth, which is the most important, is the prevention of violent unconventional actions in the area. [end recording]

Valdivieso said that this Central American Security Council met in San Jose, Costa Rica. He explained that here in San Salvador, each country will make its proposal to agree on the demobilization and disarmament of the armies. A consensus will be sought and will be made known tomorrow.

Commission Meets in San Salvador

PA1409003390 San Salvador Canal Doce Television in Spanish 0300 GMT 13 Sep 90

[Text] The second meeting of the Security Commission established by the Esquipulas II peace plan opened in San Salvador today to continue discussing demilitarization in Central America. Central American deputy defense ministers and deputy foreign ministers are participating in the meeting.

[Begin unidentified speaker recording] We are going to discuss the points on the agenda that are still pending from the meeting in Caracas, Venezuela on 10 December 1987. That was the Caracas agenda or the Contadora Group agenda. It basically encompasses four points. [end recording]

The four points are demilitarizing the Central American armies, logically and proportionally disarming each of the countries of the region, avoiding military maneuvers in neighboring countries, and avoiding violent or irregular maneuvers in the region. The meeting will end on Thurday, 13 September. Substantial agreements in the area of demilitarization are expected.

The first meeting in this regard was held in San Jose, Costa Rica, on 31 July. According to [Salvadoran Deputy Foreign Minister] Ricardo Valdivieso, the meeting represents full compliance with the Esquipulas II peace agreements. Representatives of the OAS, the United Nations, and Panama are also participating in the meeting as observers.

Commission Meeting Ends

PA1409042490 Panama City ACAN in Spanish 0143 GMT 14 Sep 90

[Text] San Salvador, 13 Sep (ACAN-EFE)—The Central American deputy foreign ministers today in San Salvador agreed to ask the United Nations to extend the mandate of the group of observers it maintains in the region and to strengthen the group's organizational and operational structure.

The request of the deputy foreign ministers, who form part of the Central American Security Commission, is directed at fulfilling the agreements that the presidents of the region signed within the framework of the Central American peace process to prevent the use of one country's territory to attack other countries and to prevent arms trafficking.

The Security Commission, which also includes the deputy defense or security ministers, underscored the continued armed conflicts "in some countries, as well as arms trafficking," although it did not mention the names of those nations.

Two weeks ago, Honduran authorities captured a French citizen with weapons supposedly coming from Nicaragua and destined, according to the Salvadoran Government, for the Farabundo Marti National Liberation Front (FMLN) guerrillas.

At a news conference after the meeting, Nicaraguan Deputy Foreign Minister Ernesto Leal Sanchez reiterated that his government wants to prevent the use of its territory to "attack other states."

In this regard, he mentioned the continued imprisonment of two Salvadorans in Managua who were arrested several months ago with a shipment of weapons they planned to send to the guerrillas in El Salvador.

The deputy foreign ministers also agreed to form a subcommission to draw up a draft format to inventory military installations, troops, and armaments, as part of the efforts to reduce the size of the armies in Central America.

This was one of the conclusions approved by the region's deputy foreign ministers at a two-day meeting, which was the result of the agreements reached by the Central

American presidents in their June summit in Guatemala to reduce the armies of the area.

Nevertheless, Salvadoran Deputy Foreign Minister Ricardo Valdivieso told ACAN-EFE that in the case of El Salvador, which is experiencing a 10-year-old war, it cannot reduce the size of its Army "as long as forces that want to seize power through violence exist."

The subcommission, which will be formed by three delegates from each country and which will be advised by the OAS and the United Nations, will meet on 15 October in Guatemala and will issue a report to the Security Commission, which will meet again in Tegucigalpa within 60 days.

The deputy foreign ministers also expressed their support for the dialogue between the FMLN and the Salvadoran Government, which began a new round of peace negotiations, with UN mediation, in Costa Rica today.

They also expressed support for the talks various Guatemalan sectors and the Guatemalan guerrillas are holding.

They also asked their governments to adopt measures to improve the exchange of information in the area of security and to seek OAS and UN help to resolve the problem of mined areas in Central America.

The members of the Security Commission also asked their governments to support the efforts being undertaken at the disarmament conference in Geneva to draft a convention that will prohibit the development, production, purchase, and use of lethal chemical weapons.

Nicaraguan Intelligence Chief on Arms Trafficking

PA1409013890 San Salvador Canal Doce Television in Spanish 0300 GMT 13 Sep 90

[Text] Ricardo Wheelock, intelligence chief of the Sandinist Army, today stated that there is no proof that the weapons recently seized in Honduras were sent by Nicaragua. Wheelock is participating in the meeting of Central American deputy defense ministers and deputy foreign ministers in San Salvador.

Salvadoran Deputy Foreign Minister Ricardo Valdivieso has indicated that the agreements reached during this second meeting of deputy ministers will be released at its conclusion. We spoke with Commander Ricardo Wheelock, intelligence chief of the Sandinist Army, before the first working session. Asked about the supply of weapons from Nicaragua to El Salvador and the capture of a French citizen at the Honduran-Nicaraguan border with weapons destined for El Salvador, Wheelock said that these are just allegations.

[Begin Wheelock recording] There are allegations that the weapons carried by that woman came from Nicaragua. That is just a presumption. I [words indistinct] investigations under way in Honduras to clearly ascertain what is going on. I want to tell you that the Nicaraguan Government does not permit any type of arms trafficking to any Central American country and that any such activity is a criminal activity that falls outside the political will of the Nicaraguan Government [words indistinct]. [end recording]

The Nicaraguan intelligence chief also stated that there should be proof to back accusations. Nevertheless, he added, accusations have been made without proof. He said that if the government finds someone guilty of illegally shipping arms, the law will be strictly enforced. He reiterated that any arms transshipment goes entirely against the political will of his government.

Guyanese Noel Sinclair Elected To SELA Post

FL1309181290 Bridgetown CANA in English 1549 GMT 13 Sep 90

[Text] Georgetown, Guyana, Sept 13, CANA—Guyanese diplomat Noel Sinclair has been elected deputy permanent secretary of the Latin American Economic System (SELA), the official Guyana Public Communications Agency (GPCA) reported. Sinclair is a former Guyana permanent representative at the United Nations. He is now on secondment from Guyana's Ministry of Foreign Affairs to the Georgetown-based Caribbean Community secretariat as programme development officer.

GPCA said Sinclair was elected by acclamation during the 16th regular session of SELA's ministerial council in Venezuela. He will be succeeding Dr. Henry Gill of Trinidad and Tobago whose term of office ends on November 22.

Cuba

Foreign Ministry Denies Receiving Free Iraqi Oil

FL1309115290 Havana Tele Rebelde Network in Spanish 1100 GMT 13 Sep 90

[Text] Regarding the information published in international newspapers on a U.S. State Department report indicating that Cuba is trying to take advantage of Iraq's offer to give oil to developing countries, thus challenging the UN sanctions against Baghdad, that it is attempting to maintain trade contacts with Iraq, and that it received Iraqi oil after the UN Security Council approved an embargo contained in Resolution 661, the Cuban Foreign Ministry [Minrex] has categorically denied these charges and described them as totally false and unreliable.

On 20 August 1990, Cuban Foreign Minister Isidoro Malmierca sent letters to the UN secretary general, Mr. Javier Perez de Cuellar, in which he very clearly informed him about Cuba's position of fulfilling UN Security Council Resolution 661. He said that as of 6 August 1990, no direct trade transactions have occurred between the Cuban Government or Cuban entities and the Iraqi Government or Iraqi entities. This information, with all of its details, the Minrex says, was duly reported and made public on 31 August by the UN Security Council committee responsible for the application of Resolution 661.

The Minrex also says that on different occasions, officials of the U.S. Interests Section have asked the Foreign Ministry about Cuba's fulfillment of the UN Security Council agreements. They were told that they lack the authority to conduct such inquiries.

The Cuban Foreign Ministry also notes that ports in the United States have received shipments of oil from Iraq after Resolution 661 was adopted.

All this demonstrates a deliberate campaign orchestrated against Cuba and plotted by the State Department of the country that has historically been the main obstacle to the application of similar sanctions against well-known violators of international law, such as Israel.

The U.S. Government, as a permanent member of the UN Security Council, has access to the exact and true information that Cuba has given to that UN organization which describes Cuba's willingness to send that UN body all the necessary information on its fulfillment of the application of Resolution 661.

The Minrex has categorically denied the alleged charges made by the U.S. State Department and warns that this is nothing more than a campaign to distort Cuba's clear position in this conflict.

In conclusion, the Cuban Foreign Ministry reiterated that the Government of the Republic of Cuba does not recognize any U.S. Government right whatsoever to control the UN Security Council agreements.

Construction Continues on PCC Congress Projects

FL1409115190 Havana Tele Rebelde Network in Spanish 1100 GMT 14 Sep 90

[Text] Progress is being made on the projects under construction for the fourth congress of the Communist Party of Cuba [PCC] in Santiago de Cuba despite the material difficulties facing the workers.

This was observed by a group of leaders headed by Esteban Lazo, member of the PCC Politburo and first secretary of the PCC in Santiago de Cuba Province, who visited the (?obstetric) clinical-surgical hospital, the Santiago de Cuba Hotel, the future road that will be used by the delegates to attend the event, and the Santiago Theater. These are the main investments being made in the city.

The hospital, which will have 1,000 beds and modern services and equipment, is 81 percent complete. The situation is the same at the Santiago Hotel, although the Frank Pais Contingent is in the process of accelerating the work done on that installation. The theater was the last project visited and it is 71 percent complete. Its constructors maintain their commitment to finish it in time to host the top event of the Cuban communists.

The group of leaders included Homero Crabb, construction minister; Jose Canete, construction materials industry minister; and Sonia Rodgriguez, minister president of the State Committee for Material and Technical Supplies.

Fuel Saving Measures Implemented in Camaguey

FL1409134290 Havana Radio Rebelde Network in Spanish 1211 GMT 14 Sep 90

[Text] Some 5,000 liters of diesel and 2,250 liters of gasoline have stopped being used in administrative and service tasks so that they can be used in production in Construction Ministry organizations in Camaguey Province. Such a savings of resources is the result of the implementation of over 130 measures aimed at using fuel rationally. Transportation vehicles are supplied with fuel on a daily basis according to their route. It is forbidden for trucks to travel without loads. Trips to supply warehouses were reduced to once a week.

Cintra Frias To Assume Command of Western Army

FL1309130390 Havana Tele Rebelde Network in Spanish 1100 GMT 13 Sep 90

[Text] Army General Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba and minister of the FAR [Revolutionary Armed Forces], received Division General Leopoldo Cintra Frias who was carrying out his duty as head of the Cuban military mission in Angola.

The ceremony took place in the Cacahual where the Hero of the Republic of Cuba laid flower wreaths at the

monument containing the remains of Lieutenant General Antonio Maceo, his assistant Panchito Gomez Toro, Blas Roca Calderio, and the last Mambi [independence war veteran Juan Fajardo Vega].

During the ceremony, Raul mentioned that Cintra Frias, having accomplished his mission in Angola in an outstanding manner, will now assume the responsibility of chief of the Western Army. The FAR minister went on to say that Brigade General Samuel Rodiles Planas will head the Cuban military mission in Angola.

Raul Castro Speaks at Ceremony

FL1309144490 Havana Tele Rebelde Network in Spanish 1044 GMT 13 Sep 90

[Remarks by Army General Raul Castro, second secretary of the Communist Party of Cuba and minister of the Revolutionary Armed Forces, FAR, at the ceremony welcoming Division General Leopoldo Cintra Frias at Havana's Cacahual Mausoleum; date not given—recorded]

[Text] We officially welcome back the Hero of the Republic of Cuba, Div. Gen. Leopoldo Cintra Frias, after fulfilling his last internationalist mission. I say it is his last because I hope our party and government will not decide to return him.

As of tomorrow, Cintra Frias will assume command of the country's main body of troops, which is comprised of the Western Army. Its current chief, Division General Ramon Pardo Guerra, who, up to now, has brilliantly led the army, will, for now, assume his previous position of second chief of the Western Army.

The military situation in Angola allows us to make this decision, which, in addition, is a fair one. Our Commander in Chief has decided that Brigade General Samuel Rodiles Planas, who was chief of staff of the Angolan military mission until yesterday, will head the troops in Angola.

Malmierca, PRC Justice Minister Hold Talks

FL1409120690 Havana Tele Rebelde Network in Spanish 1100 GMT 14 Sep 90

[Text] Cuban Foreign Minister Isidoro Malmierca has received Chinese Justice Minister Cai Cheng and his delegation at the Foreign Ministry headquarters. During the meeting, which was held in a fraternal and friendly atmosphere, the ministers exchanged views on the current international situation and other matters of mutual interest.

Both parties stressed that relations between the PRC and Cuba are solid. They also underscored the willingness of their respective parties and governments to continue developing and intensifying all aspects of bilateral relations.

Haitian Communist Comments on Elections, Economy

FL1409012090 Havana Television Service in Spanish 0000 GMT 14 Sep 90

["Excerpt" of interview with Rene Theodore, secretary general of the United Party of Haitian Communists, by Milton Diaz-Canter "in Haiti"; date not given—recorded]

[Text] [Theodore] There are many complications to overcome in order for these elections to be held. First, (?there is) a great conflict at the level of the government itself, between the Council of State and the president; a conflict that has already reached the point of a break between these two branches of government. So if the situation is not normalized by resolving the problem of power, the power of the government, the elections cannot be held either. They cannot be held.

From the economic point of view, we could talk about a catastrophe. The crisis is so profound that even Haitian businessmen have told us that they are working practically without making a profit, just for the prestige, in the sense of keeping up the business, investing money that will not produce profits. When a capitalist talks in these terms, this means that in fact he is bankrupt.

Medical Brigade Arrives in Namibia

FL1409010590 Havana Television Service in Spanish 0000 GMT 14 Sep 90

[Text] It has also been reported from Namibia that 14 Cuban doctors have arrived in that southern African country as part of a brigade that will provide its services at the request of President Sam Nujoma. The first group of the brigade will be joined next week by a specialist in intensive care and four nurses. The presence of Cuban medical personnel in Namibia is part of a bilateral public health agreement between the two nations. The document will be signed tomorrow in Windhoek by representatives of the Namibian Ministry of Health and the Cuban State Committee for Economic Cooperation.

Southwest Africa Joint Commission Session Ends

FL1409005090 Havana Television Service in Spanish 0000 GMT 14 Sep 90

[Text] The ninth session of the Joint Commission on Southwest Africa ended today in Windhoek with congratulations to Cuba for its strict compliance with the agreement concerning withdrawal of its internationalist troops from Angola. The commission is made up of Cuba, Angola, South Africa, and Namibia. The USSR and the United States participate as observers.

The central point of the discussion was a harsh denunciation by Luanda about the actions of the antigovernment group UNITA [National Union for the Total

Independence of Angola], which Luanda considers violations of the agreement signed in New York in 1988. The meeting confirmed an increase in logistical support to UNITA in Angola.

Intelligence reports state that there is trade in supplies to Jamba in southern Angola and that areas of Zaire are used in obtaining military supplies for the group. The Angolan delegation reported that some points on the border with Namibia and Botswana are also used in getting military aid to UNITA from South Africa, and that this is not humanitarian aid as Pretoria argues.

Division General Jesus Bermudez Cutino, the head of the Cuban delegation, said that interference by any nation in the internal affairs of Angola is unacceptable. He added that this is contrary to the spirit in which Cuba has been complying with its commitments originating in the agreements signed for peace in Angola.

Dominica

Government Hints at Establishing Ties With Cuba

FL1309154390 Bridgetown CANA in English 1510 GMT 13 Sep 90

[Text] Roseau, Dominica, Sept 13, CANA—The conservative Dominica Government has hinted at the possibility of establishing commercial ties with communist Cuba.

"I don't want to speculate at this time what would be our response if they applied to us (for establishing diplomatic relations)," he said. [Attorney General Alleyne]

"We will not be taking any particular initiatives on the matter. I think we would have no difficulty in pursuing any commercial relations with Cuba."

Alleyne told the CARIBBEAN NEWS AGENCY that Dominica would pursue the possibility of commercial ties with an emerging free Eastern Europe.

"If for example our bananas could be sold in Eastern Europe, we would be very glad to pursue that market provided it could be done on an advantageous basis," he added.

Alleyne however pointed out that diplomatic relations with other countries would depend on whether "our mutual interests are served."

"We will take each case on its merits," he added.

Dominican Republic

President Balaguer Issues Customs Reform Decree

FL1309181090 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 13 Sep 90

[Text] President Joaquin Balaguer has put in effect a customs reform with Decree 339-90. In the measure, the chief executive exempts of all taxes the goods that enter the national territory, setting only the value added tax to a number of goods on a temporary basis. According to the presidential provision, all exemptions and special regulations on taxes or customs tariffs will be suspended until the customs law is enacted.

Among the tax-exempted goods are crude oil imports, goods for international organizations accredited in the country and the diplomatic corps, and objects for ecclesiastical service, as well as medicines and pharmaceutical supplies, among others. President Joaquin Balaguer sent the decree to the Senate so that it is turned into law and as soon as it is approved the provisional measure will no longer be in effect.

Luxury Tax on Imported Goods

FL1309184890 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 13 Sep 90

[Text] A consumption goods luxury tax applied to imported nonessential goods was established by President Joaquin Balaguer last night. The measure was issued in Decree 340-90. It will allow for the payment of the luxury tax at the time in which the merchandise arrives in Dominican ports based on the value, insurance, and transportation cost of the imported good. The measure also establishes that the tax will be paid in Dominican currency at the current official exchange rate. The nonessential goods and articles that will be subjected to luxury taxes at the time in which they are imported are: caviar, toilet water, jewelery, perfumes, carpets, alcoholic beverages, air conditioners, upholstery, in addition to electric domestic appliances, luxury vehicles, watches, and fire arms, among other things.

Provisional Tariff Reforms

FL1309204590 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 13 Sep 90

["Today's Topic" commentary]

[Text] Yesterday evening, President Balaguer issued Decree No. 339, which describes the tariff reforms to be put into effect in the Republic provisionally for three months. This decree eliminates a whole number of customs privileges enjoyed by broad sectors of Dominican industry and agro-industry, and also establishes uniform payments for merchandise. These payments are divided into six tax scales, classified according to the nature of the product being imported and its basic purposes.

The tariff reform is one of the important points of the economic solidarity pact and is also one of a set of measures aimed at reducing the cost of living. These measures are included in the pact between the government and the labor and community organizations. It can be said that the tariff reform set forth by the executive branch in a provisional way, and now subject to review

and final approval by the National Congress, is one of the most important events in the country's economic life in the last fifty years.

It may seem that this event has gone unnoticed, but it involves a substantial, total, and profound reform of the country's production and marketing system and of the old, obsolete, and corrupt bureaucratic structure that for years has existed in our customs office. In short, President Balaguer has taken a very important step in the process of reforming and modernizing the state, and he has done this with the ability, firmness, persuasion, and depth that are characteristic of him. It is as simple as that.

Haiti

PNDPH Denounces AID Petroleum Contract

FL1309175090 Port-au-Prince Radio Antilles Internationales in Creole 1030 GMT 12 Sep 90

[Excerpts] Dr. Turneb Delpe, head of the Haitian National Democratic and Progressive Party [PNDPH], denounces a $10 million contract signed between Ertha Pascal Trouillot's government and the United States Agency for International Development [USAID]. Dr. Delpe thinks this contract will get the country into more trouble. PNDPH advises that this important contract contains two major conditions. [passage omitted]. Let us listen to Dr. Turneb Delpe.

[Begin Dr. Delpe recording] [Passage omitted] At the beginning of August, the illegal government of Ertha Pascal Trouillot announced that it received $10 million from USAID with which to buy petroleum products. But it never informed the Haitian people about other conditions under which USAID gave it this money. [passage omitted]

What is in this arrangement that appears to be serious in our eyes? It is true that USAID gave the illegal government $10 million so that it was able to pay for petroleum products. There are two major points besides the other things in that paper the people never heard about. These two conditions are:

First, from that $10 million, Mrs. Trouillot has to entrust a large part of that money in gourdes to the Provisional Electoral Council [CEP] to hold the elections.

Second, because the United States is giving Haiti money to organize its elections, Mrs. Trouillot signed this contract so that the people and the entire government that will result from these elections will be obliged to accept the economic policy the U.S. is forcing Haiti to follow.

The PNDPH says: Considering the plot that permitted Williams Regala and Roger Lafontant to come into the country and to circulate freely with no fear to reorganize the Macoute forces and to retake power, this is another plot Mrs. Trouillot has made against the Haitian people. Even a minister who is still serving this illegal government, we mean, the minister of planning, external cooperation and civil service, Ludovic Pierre, who is representing Haiti at this time at the conference of the Third World countries in France, denounces this contract Mrs. Trouillot signed with USAID as a contract that will make Haiti even poorer than it is. [passage omitted]

PNDPH asks the Haitian people to think carefully and understand what big trouble Mrs. Trouillot will put the country in if she goes on heading the country for seven more months. They remind the national and international public opinion that in the 4 March 1990 Agreement that placed Mrs. Trouillot at the top of the executive, it is clearly stated that the executive does not have the the right to commit Haiti to contracts with foreign countries for a period of time longer than the time it is going to be in power. They advise that Mrs. Trouillot signed this contract before the State Council broke off all relations with the executive, but according to the 4 March 1990 Agreement that has been published in LE MONITEUR, which is the official journal of the country, Mrs. Trouillot does not have the right to sign any contract with foreign countries without the knowledge of the State Council. The PNDPH asks the CEP, which is hereby informed of the conditions under which the United States has given money to Haiti to organize its elections, to take a position regarding this money if it does not want to be remembered in history as having taken part in plots which Mrs. Trouillot made against the Haitian people.

Finally, PNDPH is also asking all staunch organizations and political parties not to keep silent in view of this very dishonest act.

Regarding the five political parties that have left the Assembly for Concerted Action, which just like Mrs. Trouillot has broken the 4 March 90 Agreement, PNDPH is asking them, as they choose to support Mrs. Trouillot, whether they agree that she signed this contract on behalf of the Haitian people. [passage omitted] [end recording]

Jamaica

Government Not Considering Iraqi Free Oil Offer

FL1309185090 Bridgetown CANA in English 1659 GMT 13 Sep 90

[Text] Kingston, Jamaica, Sept 13, CANA--The Jamaican Government says it is not considering taking up Iraq President Saddam Hussayn's offer of free oil supplies. Acting Prime Minister P. J. Patterson stated the Jamaica Government position. He reminded journalists that there was a United Nations embargo against Iraq and the Jamaican Government would honour it.

A spokesman for President Hussayn said on Monday that governments which wanted the oil should tell Iraq what the needs were and send tankers for it. The United

States and other nations are enforcing economic sanctions against Iraq as punishment for its August 2 invasion of neighbouring Kuwait.

Patterson said that as far as the government knew there were no Jamaicans stranded in Iraq or Kuwait and that those Jamaicans living in Jordan are "not under any stress."

Trinidad and Tobago

Coup Weapons South Korean; Shipped From U.S.

FL1309152090 Bridgetown CANA in English 1418 GMT 13 Sep 90

[Text] Port of Spain, Trinidad, Sept 13, CANA—Guns and ammunition used by the Jamaat-al-Muslimeen in its July 27 coup attempt came into the country in several large containers and were hidden between sheets of plyboard, according to the Trinidad GUARDIAN newspaper.

"Holes were cut in the board and the guns were secreted in the holes," said the paper.

The containers, it claimed, were addressed to a top member of the Muslim group, now in custody and charged with several offences arising out of the coup attempt. Police sources told the daily paper the containers were removed from the Port of Spain wharf, taken to a warehouse in east Trinidad, and cleared by a customs officer.

GUARDIAN investigators said plyboard sheets were tightly packed together and holes were then cut out in the middle to conceal the guns. The ammunition was packed between the sheets and arranged so tightly that the plyboard sheets could not shift about. The paper said most of the ammunition was manufactured in South Korea but shipped from the U.S.A.

Abu Bakr Group Makes First Court Appearance

FL1309210090 Bridgetown CANA in English 1914 GMT 13 Sep 90

[Report by Linda Hutchinson]

[Text] Port of Spain, Trinidad, Sept 13, CANA—Muslim leader Yasin Abu Bakr and 17 members of his group appeared in a Trinidad and Tobago court Thursday charged with treason and murder in connection with a July 27 coup attempt. It was their first court appearanace since they were arrested on August 1.

Under tight security, the Jamaat-al-Muslimeen members arrived at the refurbished former Army gymnasium and were put in a large blue cell in the middle of the carpeted, air-conditioned court room. Their wives and families in the public gallery greeted them in Arabic and blew kisses to the men who were brought one by one into the cell and had their handcuffs taken off.

Chief Magistrate Melville Baird read out a total of 22 charges against the group, including murder, treason, arms and ammunition possession, wounding of Prime Minister A N R Robinson, National Security Minister Selwyn Richardson, Radio Trinidad employees and the permanent secretary in the Ministry of National Security, Reynold Fernandez. The Muslims are also charged with the murder of seven persons during the attack on the Parliament building.

They are also charged with the death of government Parliamentarian Leo des Vignes, who died in hospital after being shot by the Muslimeen during the storming of Parliament. They are charged with assaulting and detaining several people against their will and doing grievous bodily harm to policeman Kenrick Thong, the prime minister's driver. Magistrate Baird told the court the charges were laid indictably and the Muslimeen were not called upon to plea. The Muslimeen were also charged with being in possession of arms and ammunition to endanger life.

Baird told the press corps that it would be unable to write evidence coming out of the preliminary trial and a breach of the regulation would result in the writer being fined 2,000 TT dollars (one TT dollar = 23.5 US cents) or being imprisoned.

The prosecution's team, being led by Queen's Counsel Karl Hudson-Phillips, asked for and got an adjournment to September 25. Attorney Nathaniel King, who said he was appearing for all the Muslimeen, said he had no objection to the adjournment.

Baird apologised to members of the press who were roughly treated by Army personnel and denied access to the press desk at the Chaguaramas Magistrate's Court. Baird made personal calls to reporters working with the DAILY EXPRESS newspaper and CARIBBEAN NEWS AGENCY apologising for the treatment meted out to them by the soldiers. The soldiers refused to allow more than one reporter from each media house entry to the court room.

Baird on learning of the incidents at the court gave permission to all reporters sitting in the public gallery to sit at the press desk. Apologising, he said there were no rules about the numbers of journalists from one media house covering the trial and said the soldiers did not have any rights in debarring journalists from going to the press area.

U.S. Asked To Abstain From Military Action

PA1309165890 Hamburg DPA in Spanish 1540 GMT 13 Sep 90

[Text] Mexico City, 13 Sep (DPA)—The Mexican Congress has unanimously adopted a resolution asking all nations, especially the United States, to abstain from unilateral military actions that may worsen or spread the crisis in the Persian Gulf.

The Congress also exhorted all parties involved in the conflict to seek a peaceful solution, catering primarily to the rights of the area's countries. It called on all parties involved to comply with the UN rulings.

With two leftist parties abstaining, the Congress decided to issue a "strong protest" to the Iraqi Government and asked the Foreign Ministry to obtain safe-conducts for five Mexican citizens who were working in Iraq and have not been able to leave that country.

During the debate on the Persian Gulf situation, Senator Porfirio Munoz Ledo, former Mexican Ambassador to the United Nations and current opposition leader, accused the Foreign Ministry of "diplomatic negligence" for "having gradually abandoned its presence in the Middle East."

El Salvador

Cristiani Optimist About Outcome of FMLN Talks

PA1309143690 San Salvador Radio Cadena YSU in Spanish 1730 GMT 12 Sep 90

[Text] Salvadoran President Alfredo Cristiani said today that the government is willing to reach agreements in the upcoming talks with the Farabundo Marti National Liberation Front [FMLN]. During an impromptu news conference, the president remarked that the conflicting views expressed at the negotiating table could be reconciled by UN mediator Alvaro de Soto. Although Cristiani insists that the FMLN has hardened its postition, the top guerrilla leaders recently stated that the FMLN proposal submitted in the previous San Jose talks is negotiable. If that is the case, we may succeed in getting concessions, he said. Cristiani said that the Salvadoran Armed Forces are prepared to continue with the process of negotiations, although they know guerrilla military activities are on the rise.

[Begin recording] [Cristiani] We always attend the negotiations with feelings of optimism and ready to seek the rapprochement needed to reach agreements. If what an FMLN representative said is true, we believe that the FMLN will be more flexible than they have been in previous talks and they will be willing to reach agreements. I think that the results may be good. All we can do is attend with our good will, hoping that the other side does the same.

[Reporter] Is your delegation going to take [words indistinct]?

[Cristiani] We submitted a basic proposal. We have always said that the mediator can try to bring us closer together. We think that in the positions taken in Huatepec and in the first San Jose meeting, the possibilities for a rapprochement were great. We are sticking to our proposal, therefore, but that does not mean we will adopt an inflexible stance. We are willing to be more flexible so that both sides are brought closer together, the situation improves, and the objectives in the Geneva accords are reached.

[Reporter] [Question indistinct]?

[Cristiani] If that is true, I think we must put greater vitality into the process. Rather than establishing a deadline of many days or months, I think we must make the effort for the sake of the Salvadoran people to reach peace as soon as possible. In this respect, our stance will be that we must make an effort. The FMLN must understand that the Salvadoran people want peace now. We cannot continue to have monthly meetings. We have always felt that the process must have more vitality. We want the deadline to be as soon as possible.

[Reporter] Are all these changes [words indistinct]?

[Cristiani] I have always said that, as an institution, the Armed Forces are constantly involved in a restructuring process that is gradual and permanent. In this respect, we believe the changes fall into that pattern. One objective is to make the Armed Forces more professional. A restructuring of that kind will entail a permanent process to make the Armed Forces more and more involved in the Salvadoran democratic process. [end recording]

The president mentioned the government's decision to achieve peace through peaceful means, although it is ready to face any kind of guerrilla offensive. Cristiani said that the advisers of Bernard Aronson, assistant secretary for inter-American affairs, are interested in the negotiation process, and that is why meetings are held with them prior to the talks with the rebels. That is the framework of the talks to be held between FMLN and government delegates tomorrow in San Jose. According to remarks by political observers of the peace process, the two delegations may attend the meetings with positions that, at the very least, are aimed at reaching minimum agreements that may make the Salvadoran people hopeful. For five days, the two delegations will try to reach agreements. Perhaps in this session, the United Nations may announce a proposal if the impasse continues.

Government, FMLN Talks Open

PA1309225690 Mexico City NOTIMEX in Spanish 2143 GMT 13 Sep 90

[Text] San Jose, 13 Sep (NOTIMEX)—A UN office will be opened in El Salvador as soon as possible to prepare for a mission that will verify human rights, the electoral process, and a cease-fire in that country.

This decision was announced on the first day of a new round of talks that the Salvadoran Government and the guerrillas began under UN mediation in San Jose today.

Alvaro de Soto, representative of the UN secretary general, has confirmed that the Security Council has decided to install a preparatory office in San Salvador to make on-site evaluation prior to beginning verification of the agreements that might be reached in the peace process.

De Soto told a news conference that the office will not begin to monitor the human rights situation because conditions do not exist for the observers to work in El Salvador while fighting continues.

Nevertheless, he said, the office can begin to prepare to establish the financial, personnel, and logistical support needed for an appropriately sized mission that at an opportune moment will begin to verify human rights, the electoral process, and a cease-fire.

Justice Minister Oscar Santamaria, chief of the government delegation, has said that the Salvadoran Government will provide all necessary assistance related to installing the office because the government wants the verification process to begin as soon as possible.

Jorge Shafik Handal, chief of the Farabundo Marti National Liberation Front [FMLN] delegation, has indicated that this is an important step toward expediting the peace process, which is deadlocked on the thorny issue of an army purge.

The FMLN has stressed that the task of the international mission will be not merely to monitor the human rights situation of the Salvadoran people, but will work in other areas, for which it will need hundreds of observers.

To date, the sides in the conflict have reached only a partial agreement on human rights in the negotiations they began in April through the mediation of the United Nations.

The government, the guerrillas, and the UN mediator said today that the "main topic" of this meeting will be the Armed Forces issue, but they did not rule out the possibility of discussing electoral reform.

Legislative elections will be held in El Salvador in March 1991.

The government has indicated that it will put forward a proposal on the topic and that it hopes to reach agreements with the FMLN in view of the shortage of time to prepare for the elections, in which greater participation by the various political forces and the voters is sought.

UN's De Soto 'Pessimistic'

PA1409040290 Panama City ACAN in Spanish 2303 GMT 13 Sep 90

[Text] San Jose, 13 Sep (ACAN-EFE)—Alvaro de Soto, UN mediator in the talks between the Salvadoran Government and the guerrillas, has stated that he is "pessimistic" about reaching an agreement regarding the Armed Forces during the round of negotiations that began in San Jose today.

De Soto talked to reporters before the start of the first plenary meeting and predicted that negotiations would be "difficult," but asked that "despair and dejection" not set in. These talks are being held for the third consecutive time in Costa Rica.

He admitted that "all Salvadorans feel committed" to the peace process and expressed hope that "advances could be made." The UN mediator noted that "quick results were not to be expected" from the talks and, thus, he preferred "not to raise false expectations."

De Soto's statements contrast with those of Salvadoran Justice Minister Oscar Santamaria, who heads the Government's delegation. Santamaria reaffirmed today that his government believes that there is the possibility of reaching agreements regarding the Armed Forces and other topics on the agenda. He admitted, however, that "efforts, initiatives, and contributions had to be made by both sides."

Jorge Shafik Handal, the head of the rebel delegation and member of the Farabundo Marti National Liberation Front (FMLN) Command Staff, admitted that the negotiations are "very difficult," but that the lack of agreement did not necessarily mean negotiations are "useless."

Colonel Mauricio Vargas, Salvadoran Armed Forces deputy chief of staff, had a differing opinion. He warned that the process would be discredited if an agreement was not reached on the agenda's "crucial" point—the military matter.

Other topics on the agenda are electoral, judicial, and constitutional reforms; human rights; an economic and social pact; international verification; and an end to hostilities.

De Soto explained that a proposal presented by the Salvadoran Government to the UN Security Council had "not been formalized" and was "separate from the process" of dialogue that started in Geneva in April.

The FMLN reported that the Salvadoran Government had "unsuccessfully" tried to get the Security Council to approve a resolution that would end the current negotiations. The matter was to be returned to the Salvadoran Government and to be treated according to the Esquipulas II peace agreements signed by the Central American presidents in 1987.

Rebel spokesmen have asserted that this attempt was rejected by Guatemala, Honduras, and Costa Rica, but that the Salvadoran Government had still not abandoned the effort entirely.

The Salvadoran Justice Minister avoided answering reporters questions about the FMLN report. He claimed that his government could make efforts to get the peace process "to advance" at the United Nations.

Nevertheless, both parties trust that this round of negotiations would proceed in a flexible manner and would produce positive results in favor of peace. These talks are to end on 18 September. El Salvador has lived through a decade of war, which has resulted in more than 70,000 dead and huge material losses.

FMLN's 'Carmelo' Discusses Dialogue

PA1409034590 (Clandestine) Radio Venceremos in Spanish to El Salvador 0200 GMT 6 Sep 90

[Telephone interview with Eleno Castro, "Commander Carmelo," joint commander of the Farabundo Marti National Liberation Front's Francisco Sanchez Southeastern Front, by an unidentified reporter in Chalatenango Department; date not given—live or recorded]

[Text] [Reporter] Commander Carmelo, there were changes within the Armed Forces on 1 September. It is obvious that La Tandona [reference to the 1966 graduating class of the Captain General Gerardo Barrios

Military Academy] has gained control of both the political and military situation. Taking this change into account, what do you believe is the outlook for the dialogue or negotiation?

[Carmelo] The fact that the leader of La Tandona now heads the Ministry of Defense means that the Armed Forces most warmongering sector has consolidated its power. This group has the war's highest crime record, which means it is an association against the interests of the great majority of the people. This group has consolidated its power to guarantee its own interests. This means going against the people's interests, because it is the people who favor a negotiated political solution to the conflict. La Tandona wants to defeat the FMLN [Farabundo Marti National Liberation Front], but this has proved impossible for the last ten years, despite U.S. advisors. Both domestic and international public opinion are convinced that a negotiated political solution is what is needed, but La Tandona still insists on defeating the FMLN. Everyone else agrees that what is needed is a negotiated political solution. The La Tandona cannot accept the FMLN's position because they have prepared themselves to take power whatever the cost, even if it means the massacre of priests, peasants, teachers, or students or going against the people's interests.

Even some business associations agree that the conflict should be resolved through a negotiated solution, so that we may see peace and democracy. This little group of Army officers does not want this solution because it would mean they have not defeated the FMLN in the military field, and this would logically mean that both armies should disappear. They do not agree that the military sector should disappear, even though they know that this stance is detrimental to a broad segment of the people. The consolidation of La Tandona's power is of great concern to the people, who will need to close ranks to remove this group from power. Democracy and a fair peace for all the country seems like the only alternative left to fulfill all the people's demands.

[Reporter] Commander, with the arrival of La Tandona, the most inflexible positions have consolidated. We understand that the inter-partisan commission and the labor groups are threatening to withdraw from the talks due to the lack of agreements with the government and the private enterprise regarding the role that the inter-partisan commission should play in the negotiation process. We have also heard about the possible withdrawal of the Christian Democratic Party and the Democratic Convergence from the next elections, also due to the lack of conditions, as they themselves have said. What do you think about this situation, taking into consideration La Tandona's position?

[Carmelo] The problem here is that all groups in our society want peace and democracy. Those groups have concluded, however, that we have faced ten years of war in which neither army has defeated the other. In that regard, everybody agrees that a negotiated solution is the most objective, feasible, and fair way to put an end to this situation. That position is shared by the entire society: the church, the various groups, peasants, students, and teachers, in sum by the entire society. That same opinion prevails at the international level.

As I said, the problem is that some groups within the Armed Forces do not share that stand. The same occurs within Arena [Nationalist Republican Alliance]. That is why groups such as the inter-partisan commission tend to [word indistinct] because there is no position [words indistinct] the proposals made by the various groups and seek a consensus in the negotiating table, try to reconcile positions, and try to reach agreements through negotiations.

When there is no willingness to negotiate on the part of groups that are used to imposing their will on society and that have always imposed their criteria and positions by force, and when those groups assume an inflexible position, it results in an impasse. What those groups should realize is that it is impossible for them to remain in power by force.

That is what the current situation shows. Everybody is beginning to see what the Arena government and the Armed Forces' real position is at this time: They are trying to impose their stand on society; they are not willing to negotiate, and instead want to impose their will. That is the only language they understand in the negotiations.

One thing has become clear, however, in ten years of war and in the political struggle of the past years in our country, and that is that the time is past when one group imposed its will over the others. What we need here is a more flexible position and a negotiating attitude. We must convince those groups that their positions are old-fashioned and outdated. If they refuse to understand, we will make them understand.

[Reporter] Commander, in the past few days we have heard the Army chiefs talk a lot about a possible FMLN offensive. To be specific, yesterday Colonel Ponce, the new defense minister, reported having seized documents containing FMLN plots. What can you say about this? Also, what is your assessment of the Army's military capabilities?

[Carmelo] I would have to base my opinion on recent developments. We are facing an inflexible position that only seeks the FMLN's defeat. In practice, the Army has not been able to militarily defeat the FMLN in ten years of war. No agreements have been reached at the negotiating table, and thus we have the right and obligation to prepare ourselves militarily. Our military actions have forced the enemy to sit down and talk, but even at the negotiating table the enemy seeks to deal us a military defeat.

We will continue to prepare ourselves; we will continue to do all that is necessary to achieve our objective of bringing about a genuine democracy with social justice

to our country. At the negotiating table the Army virtually wants the FMLN to surrender. This position of the Armed Forces at the negotiations does not materialize in practice because the enemy's military capability is [word indistinct].

The enemy is maintaining a hard and inflexible position and seeking the FMLN's disarmament [words indistinct] on the battlefield. The High Command does not plan to stop us by military means, but as a Radio Venceremos station commentary stated, it is advising us not to launch an offensive. This shows a lack of military capability. This helps us gauge their situation. We can compare their objective and what is really happening.

[Reporter] A cease-fire was expected for September as part of the dialogue-negotiation. What are the possibilities for a cease-fire this month, Commander?

[Carmelo] I think the peace process in our country lies within the framework of a search for real peace, which could lead to a true democracy in our society. [Words indistinct] the objective, all the people and the different sectors agree on the need for the complete demilitarization of society. The complete demilitarization of society is a gradual process, which may take a long time. The cease-fire is included in this process. We cannot set a date for a cease-fire. We have to look at it depending on the progress made during the negotiation process. If there is no progress made at the negotiating table regarding the demilitarization issue and regarding the means to achieve peace in our society, then we cannot expect a cease-fire because it would not be possible. This is part of an overall process, and we cannot isolate the cease-fire issue.

[Reporter] One last message for the Salvadoran people, and especially for the fighters, Commander.

[Carmelo] A greeting to the FMLN fighters. Let us keep moving forward. We must fulfill our duties each day with a greater commitment. We must be more efficient so we can reach our objective, which is to achieve a true democracy in our country, where society can live in peace.

Cristiani Asks U.S. Not To Encourage FMLN

PA1409024090 San Salvador LA PRENSA GRAFICA in Spanish 13 Sep 90 p 2

[Text] President Alfredo Cristiani said on 12 September that "it is hoped that members of the U.S. Congress will realize that they can either contribute to peace or encourage the FMLN [Farabundo Marti National Liberation Front] to adopt a warmongering position."

Cristiani made the statement after inaugurating a meeting of Central American agriculture ministers, when asked about a possible reduction in U.S. aid for El Salvador.

Cristiani asked U.S. congressmen not to send wrong signals that could encourage more militarism in the FMLN.

It would be disastrous, after ten years of sacrifice and when there is hope for peace, if they send wrong or negative signals that could inspire more militarism in the FMLN, Cristiani stressed.

Concerning the round of talks between the government and the FMLN scheduled to begin today in San Jose, Costa Rica, Cristiani said that the government delegation is willing to contribute toward reaching agreements. If there is willingness from the FMLN, we can expect good results. We would welcome agreements, but this is not a simple situation. The FMLN has been playing with strategies more than it has shown goodwill, Cristiani said.

Meanwhile, the international news agencies DPA and AP have reported from Mexico City that leaders of the FMLN have accused the Salvadoran Government of trying to prolong the negotiations in an attempt to make them fail and thus wear down the FMLN. With that kind of vision, there will be war for a long time, said Ana Guadalupe Martinez, a member of the FMLN Political Commission.

She added that the FMLN will persist in demanding "the elimination of the Armed Forces" at the meeting in Costa Rica.

Venceremos Reports Recent FMLN, Army Clashes

PA1309173290

[Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 4 September broadcasts seven minutes of military reports on clashes between Farabundo Marti National Liberation Front [FMLN] guerrillas and Salvadoran Army troops.

According to Venceremos, on 30 August at 1000, FMLN guerrilla units clashed with a 5th Bracamonte Battalion company in Los Caseres hill, Platanares canton, Suchitoto jurisdiction, Cuscatlan Department. "As a result of the first 15 hours of fighting, our forces had inflicted ten casualties," Venceremos reports. The report adds that on 2 September at 0200, one casualty was inflicted on that same unit in El Zapote canton. On that same day at 1930, two more casualties were inflicted on that same unit in La Mora hamlet, El Zapote canton. Venceremos says "a total of 13 casualties were inflicted on the fascist Bracamonte Battalion troops."

Another report from Chalatenango Department states that on 3 September at 0430, guerrilla units staged a successful coup de main against Cobra Battalion troops from the 4th Infantry Brigade in Volcan Hill, Agua Caliente Jurisdiction, Chalatenango Department. "As a result, ten casualties were inflicted on the enemy," according to the FMLN.

The next report states that on 30 August at 0800, a group of Atlacatl Battalion troops stepped on mines in Nejapa jurisdiction. "As a result, a soldier's leg was amputated," Venceremos reports. On 31 August at 0800, another Atlacatl Battalion unit stepped on mine fields in San Francisco farm, Nejapa jurisdiction. "As a result, another soldier had to get his leg amputated," Venceremos says. The Atlacatl Battalion suffered two casualties.

Another report states that on 1 September, FMLN units clashed with a Cabanas Battalion company from Military Detachment no. 2 in Villa Victoria jurisdiction, Cabanas Department. "There was one casualty," the FMLN claims. On 2 September at 0930, FMLN guerrilla units clashed with another company from the same battalion on (?El Juntillo) Hill. "There were two casualties, including a second sergeant," the FMLN says.

Venceremos adds that on 30 August, at 1400, Arce Battalion troops stepped on mined fields in Queserita hamlet, Nuevo (?Orende) San Juan jurisdiction, San Miguel Department. "Two casualties were inflicted on the troops," the clandestine radio station says.

A report from San Vicente Department states that on 1 September at 1000, FMLN guerrilla units clashed with 5th Infantry Brigade soldiers in 4 de Mayo farm, near the Chinchontepeque volcano, Tecoluca jurisdiction, San Vicente Department. "As a result, four enemy soldiers were wounded," Venceremos says. On that same day, FMLN units detonated a mine near Iberia Farm, near the Chinchontepeque Volcano, Zacatecoluca Jurisdiction, La Paz Department. "One soldier was killed, and another was wounded," the FMLN claims. On that same day, a (Semifa) unit stepped on a mined field in Las Nubes Farm. "Two more soldiers were wounded" in this incident.

Radio Venceremos at 0000 GMT on 5 September broadcasts two minutes of military reports on more clashes between FMLN guerrillas and Salvadoran Army troops.

The first report states that on 2 September at 0830, FMLN guerrilla units ambushed a 2d Infantry Brigade patrol in Las Almohadas hamlet, Masahuat jurisdiction, La Paz Department. "A soldier was killed," according to the rebel station.

The next report states that on 4 September, FMLN units attacked Cabanas Battalion troops in Villa Victoria jurisdiction, Cabanas Department "inflicting three casualties, including a corporal," Venceremos says.

Another report states that on 3 September at 1700, an FMLN unit clashed with Ponce Battalion troops near (El Flote) hill, Chapeltique jurisdiction, San Miguel Department. "The troops suffered two casualties," the FMLN claims.

Venceremos says that on 3 September at 0900, "FMLN units inflicted three casualties on enemy troops in Guazapa hill." The rebel station adds that on 3 September, "FMLN guerrilla units clashed with 1st Infantry Brigade troops in Guazapa Jurisdiction and inflicted one casualty."

Radio Venceremos at 0200 GMT on 7 September broadcasts two minutes of military reports on more clashes between guerrillas and army troops.

The first report from the Modesto Ramirez Central Front states that on 5 September at 0630, FMLN units ambushed 4th Infantry Brigade troops in Cerro Verde Hamlet, La Laguna Jurisdiction, Chalatenango Department. "As a result, two casualties were inflicted on the fascist 4th Infantry Brigade troops."

The next report states that on 4 September at 1900, FMLN guerrilla units attacked Cabanas Battalion troops in Villa Victoria Jurisdiction, Cabanas Department. "As a result, a corporal was killed," the FMLN claims.

The last report states that on 6 September, FMLN guerrillas ambushed a Cacahuatique Battalion patrol in (?Isleta) Canton, Yamabal Jurisdiction, Morazan Department. "As a result, two soldiers were killed," according to Venceremos.

Arrest, Death of FMLN Combatant Protested

PA1309164390 (Clandestine) Radio Venceremos in Spanish to El Salvador 1616 GMT 12 Sep 90

[Communique issued by the Farabundo Marti National Liberation Front Joint Area Command in Cacahuatique on 11 September]

[Text] 1. We report to domestic and foreign media that Third Infantry Brigade's Ponce Battalion troops, headquartered in San Miguel, arrested FMLN [Farabundo Marti National Liberation Front] combatant Rolando Villanueva, 15, at Paciagua Arriba Canton in Guatajiagua Jurisdiction on 10 September. Four hours after his arrest, Villanueva was murdered in the presence of the Paciagua Arriba residents.

2. Once again, Cristiani's murdering troops have violated the Geneva Agreement that establishes respect for the life of combatants who have been arrested.

3. This crime is evidence that Cristiani's government and army do not want to reach a political agreement to solve the conflict at the negotiating table. We call on humanitarian organizations to corroborate the information on this crime, perpetrated by army troops.

[Signed] Cacahuatique Joint Area Command

11 September 1990

Military Press Reports 12 Sep FMLN Attacks

PA1409020990 San Salvador Radio Cadena YSU in Spanish 1730 GMT 13 Sep 90

[Report issued by the Armed Forces Press Committee in San Salvador on 13 September]

[Text] Twenty-three FMLN [Farabundo Marti National Liberation Front] terrorists and four members of the 4th Brigade were killed on 12 September during strong clashes in rural areas of La Laguna and Dulce Nombre de Maria in Chalatenango Department.

The 4th Infantry Brigade commander reported the death of 15 subversives and two soldiers in a clash that took place at noon on 12 September in the general area of Cerro Verde, La Laguna jurisdiction. Among the wounded were Sublieutenant Jose Ricardo Hernandez Melgar and one soldier, both of whom belonged to the 4th Infantry Brigade, Cayaguanca Battalion. The Army also seized three AK-47 rifles, one LAW rocket launcher, several kits with loaders and ammunition, and various explosive devices.

Another clash took place at dawn on 12 September on Los Pitos hill in the Dulce Nombre de Maria township, where eight terrorists and two troops were also killed. Additionally, at least 23 FMLN fighters and five 4th Infantry Brigade troops were wounded. The Army troops seized weapons, ammunition, propaganda, several knapsacks, olive green uniforms, and civilian clothes.

At 0630 on 13 September, terrorists attacked Civil Defense troops in Zaragoza, La Libertad, and wounded at least two of them. Preliminary reports indicate that several civilians who live in the vicinity of the areas where the clashes took place were wounded. It has also been announced that Army units and a helicopter were sent to the area to reinforce the Civil Defense forces and to repel the terrorist attack, which was staged today when the talks between the government and FMLN resume in San Jose, Costa Rica, to end over ten years of conflict in El Salvador.

Arena Calls UNOC U.S. Request 'Treacherous'

PA1309173090 San Salvador EL MUNDO in Spanish 10 Sep 90 p 8

[Text] A communique sent to our newspaper by Nationalist Republican Alliance (Arena) leaders states that "the request made by the National Peasant-Worker Unity (UNOC) before the U.S. Congress that El Salvador be excluded from the list of beneficiaries of the General Preference System constitutes an indescribable act of treason against our fatherland and the interests of the Salvadoran workers."

"There is no doubt that the UNOC leaders' treacherous and unpatriotic attitude stems from their blind objective of revenge against the government, because they supported and defended with a vested interest the presidential candidacy of Dr. Fidel Chavez Mena of the PDC [Christian Democratic Party] in the March 1989 elections. Although UNOC's support was concealed behind one of the independent groups, its members voted for Chavez, who was financially backed by the AFL-CIO [American Federation of Labor and the Congress of Industrial Organizations]," the communique adds.

"UNOC leaders now want to avenge their defeat. They are playing the FMLN's [Farabundo Marti National Liberation Front] strategic game at a very bad time, just as the UNTS [National Union of Salvadoran Workers] is doing. While the guerrillas are trying to destroy the country's economic infrastructure, UNOC is seeking a commercial and financial boycott against El Salvador. There is no doubt that the most directly affected would not be the government or the Armed Forces, but the workers and peasants that UNOC claims to defend and represent. Should the U.S. Congress react favorably to the insane and malevolent UNOC request, families who make a living from handicrafts and agricultural workers who export their products to the U.S. market would be adversely affected. This would obviously reduce the generation of foreign currency to buy medicine, petroleum, raw materials for food, and other indispensable items," the communique says.

It adds that "in other words, the UNOC leaders really want a worsening of the social and economic crisis with the shameful aim of creating conditions to prolong and increase violence and terror."

The communique states that "in view of the danger posed by the UNOC request from a social, economic, and political standpoint, we must urge its leaders to seriously reflect on the consequences of their actions, because it is conceivable that they are running counter to the Salvadoran workers interests.

"Instead of promoting economic and social chaos in El Salvador, UNOC leaders should be helping to revive our economy, strengthen the democratic process, and help attain peace and reconciliation among the Salvadoran family," the ARENA communique concludes.

Honduran Human Rights Violations Reported

PA1309191390 (Clandestine) Radio Venceremos in Spanish to El Salvador 1612 GMT 12 Sep 90

[Communique issued by "Christian Communities of Northern Morazan" in Morazan Department "in September"]

[Text] Communique on Human Rights Violations by the Christian Communities of Northern Morazan.

The Christian Communities of Northern Morazan wish to express the following to the public:

1. We wish to congratulate our repatriated brothers of Ciudad Segundo Montes. They have just given the peoples movement and the Salvadoran people in general an extraordinary example of their organizational abilities, combativeness, and social and political awareness.

From 1 to 4 September, residents of the aforementioned community struggled to free Dario Alejandro Jicas and Ana Dorina Garcia, members of the community, who had been captured by Military Detachment No. 4 soldiers headquartered in Gotera. The Ciudad Segundo Montes residents won the struggle. Theirs was a total victory not only because the prisoners were released, but also because of the way in which they conducted the struggle. Throughout this entire war, we do not recall any other demonstration held for four consecutive days in front of a military headquarters as important as Military Detachment No. 4. Ciudad Segundo Montes residents were willing to continue the demonstration for as long as Jicas and Garcia were held captive.

The demonstration was also used as a podium for people to state their positions to soldiers in the Military Detachment No. 4 Headquarters. The speeches made during the demonstration were politically significant and were proof of the high degree of community spirit and peacefulness of the speakers. We believe we should all take note of the possibilities that this struggle raises for the current peoples struggle for human rights and total demilitarization in El Salvador.

2. We report the arrest of eight Ciudad Segundo Montes residents by Military Detachment No. 4 soldiers. We also report soldiers attempts to prevent people from expressing themselves and attempts to repress community protests. These actions violate constitutional rights, such as freedom of movement and expression, which were recently reaffirmed in San Jose, Costa Rica. We also report the continuous disruption of community life, excessive control of business activities, and threats.

3. We report that the Honduran Army detained Cesar Aguilar and Gregorio Sanchez, residents of El Zancudo Canton, on 31 August. This action is yet another of the many attacks staged by the Honduran Army against the Salvadoran civilian population in Morazan's border areas. The Honduran Army has carried out these actions freely since it has the connivance of the Salvadoran Government and Armed Forces. These actions culminated in the recent murder of Julio Perez of El Zancudo Canton. Why are the Salvadoran foreign minister and government waiting to present a formal protest to the Honduran Government? It seems that the government is more concerned with defending territorial rights than with defending human rights and the safety of the Salvadoran people.

4. Once again, we request humanitarian organizations to be more active and increase their presence in this area. We congratulate and thank the Archbishop's Legal Office for its on-site investigation of Julio Perez's murder. Morazan, September 1990.

Guatemala

Court Approves Rios Montt Presidential Candidacy

PA1309215190 Guatemala City SIGLO VEINTIUNO in Spanish 13 Sep 90 p 2

[Text] The Supreme Court of Justice has decided to grant a provisional writ of amparo in favor of General Efrain Rios Montt and ordered the Citizens Registry to list him in accordance with the political party electoral law. In File No. 71/90, the Supreme Court magistrates said: "Because this is a case that would risk denying the basic right to the amparo process if the provisional writ of amparo were not granted, it was decided to grant the requested amparo."

The resolution adds: "Consequently, the Supreme Electoral Tribunal's resolution dated 3 September is hereby canceled. Therefore, the complete roster for presidential and vice presidential candidates for the Democratic Institutional Party, the National Unity Front, and the Guatemalan Republican Front must be registered today on the official national list and in the Central American Parliament."

The resolution was signed by Supreme Court of Justice President Edmundo Vasquez Martinez and Magistrates Marco Tulio Molina Abril, Oscar de Leon Aragon, Martha Lupe Meneses de Jauregui, Otto Salvador Valdez Oruz, Gil Arturo Gonzalez Solis, and Jorge Luis Godinez. Hugo Gonzalez Caravantes and Angel Valle Giron voted against the resolution and explained their vote.

The Citizens Registry was officially notified of the Supreme Court of Justice's resolution.

Nicaragua

Dreyfus Refuses Iraq's Offer of Free Oil

PA1309173590 Managua Radio Ya in Spanish 1200 GMT 13 Sep 90

[Text] Foreign Minister Enrique Dreyfus said last night that Nicaragua will not accept Iraqi President Saddam Husayn's offer of free petroleum to third world countries. Dreyfus said that nothing is free in this world and that Nicaragua has no need to get involved in that sort of situation because it already has a fuel agreement with Venezuela.

Humberto Ortega Endorses Restructuring FSLN

PA1409011390 Managua Domestic Service in Spanish 1330 GMT 13 Sep 90

[Text] Army General Humberto Ortega Saavedra has been very accessible to the press, a quality rarely found in military leaders. He has made statements that will surely create controversy within the Marxist Sandinist National Liberation Front [FSLN]. Gen. Ortega was a top FSLN leader until February 1990.

A BRECHA Magazine correspondent from Montevideo, Uruguay, interviewed Gen. Ortega recently. During the interview, Ortega stated that, in his opinion, the FSLN should initiate a serious restructuring process. He added that after 30 years—the FSLN was founded in 1961—it is absurd for the party to continue with the same political directorate. Gen. Ortega stated that traditionalist Sandinist leaders should retire and the name of the party should be changed. Thus, he suggested that the Sandinist commanders should allow young, democratic minds to come forward. It is known that Sandinist leaders were indoctrinated in Cuban and Soviet Marxism-Leninism. Their procedures and strategies are now obsolete and have been completely rejected by the people. Conscientious members of the FSLN also reject party policies, as can be observed in the FSLN media every day.

Commander Humberto Ortega's statements to the Uruguayan magazine BRECHA emphasized that the upcoming months could be decisive for the cohesion of the Sandinist Front. He also stated that it was more important to save Nicaragua than to save the Sandinist Front. Gen. Ortega admitted that if his brother, Daniel, had won the recent elections, Nicaragua would not have attained the peace and economic recovery it urgently needs .

Obando y Bravo Says FSLN 'Running the Country'

PA1409043490 Managua Domestic Service in Spanish 1330 GMT 13 Sep 90

[Text] Cardinal Miguel Obando y Bravo has said that he is in favor of a concerted effort in the country, but warned that it should include economic, social, and political aspects. In an exclusive statement for Radio Nicaragua, Cardinal Obando y Bravo said that sectors having decisive roles in national life should participate in the concerted effort. The Sandinist National Liberation Front [FSLN] must be taken into consideration because it has power here, he said. He added that the leaders elected by the people should be the ones to govern.

Obando y Bravo said that the country needs a real state of law, because there is insecurity among the population. Let us hear Cardinal Obando y Bravo's authorized voice in an exclusive statement for Radio Nicaragua:

[Begin recording] [Obando y Bravo] [Words indistinct] first, we must create a favorable climate to have a fruitful dialogue. In my opinion, concerted efforts must include the economic field—the economy at this time afflicts our people—as well as the social and political fields, because many of our problems are of a political nature. It is healthy to invite all groups to participate, particularly those groups playing a decisive role.

[Reporter] Cardinal, it is said that there should be a favorable climate to begin that national dialogue. What do you think are the necessary conditions for the national dialogue?

[Obando y Bravo] As I said, for the dialogue to take place, it is necessary that all participants show willingness to defend not only their own interests, but above all the interests of the Nicaraguan people. They should not just seek group privileges in those concerted efforts, but, as I said, the efforts should be aimed at helping the majority of the population.

[Reporter] Will the Catholic Church participate in the national concerted efforts?

[Obando y Bravo] I do not know if all the bishops have been invited. It depends on whether the president or the government has invited the bishops. I do not know if all the bishops were invited. We have already talked with the Chamorro government. The Episcopal Conference recently met with the president, to whom we presented the problems that we believe concern the majority of Nicaraguans.

[Reporter] Does the Catholic Church have any proposal to strengthen the national dialogue?

[Obando y Bravo] No. I believe that the groups should present them. As far as I know, the church does not have any proposal at this time. In fact, I think that the laymen are the ones who should actively participate at this time. Laymen who are mature, responsible people should present their proposals.

[Reporter] In your opinion, once the dialogue is over, what should be the next step taken by the government and the FSLN, as the main opposition force?

[Obando y Bravo] The FSLN must be taken into consideration. The FSLN has power here. It must be taken into consideration, because I would say that right now the FSLN is running the country. I do not know if this will be aired on the radio, but the truth is that the FSLN has power and that this must be taken into account. I believe—and the bishops have already said it—that it is good to reach an understanding through concerted efforts. The authorities elected by the people through votes on 25 February, however, should be the ones to govern. It is important to have a de jure state, and it is important that those who were elected by the people fulfill their duty in governing and guiding the country.

All those groups that have something to say, particularly for the benefit of the Nicaraguan people, should participate in the concerted efforts or national dialogue. This naturally includes the Government of Nicaragua, the FSLN, and businessmen, and I would also say that workers must also participate, as well as all those who have something to say for the benefit of the Nicaraguan people.

[Reporter] Cardinal, do you think that a state of law is necessary in Nicaragua?

[Obando y Bravo] Of course. What is lacking in Nicaragua is a state of law. Without a state of law, people are insecure and without any direction. I think that the Nicaraguan Government must work to create a state of law where laws are respected, where individuals who act

against society are punished, and where impunity does not prevail. The opposite creates insecurity in the people. Therefore, the government and all those involved should work to ensure respect for life and for citizens rights. Without a state of law there is always the danger that people will want to take justice into their own hands, which would be negative because it would unleash a state of decomposition and violence, and we know that violence is bad. [end recording]

Contra Leader Says Another War 'Unjustifiable'

PA1309190690 Managua Domestic Service in Spanish 1815 GMT 11 Sep 90

[Report on interview with contra leader Israel Galeano by unidentified reporter; place and date not given]

[Text] War must not return to our country; in fact, it is unjustifiable. Israel Galeano, Commander Franklin, has stated this in an exclusive interview for Radio Nicaragua. He admitted that disarmed Nicaraguan Resistance [RN] rebels are facing serious difficulties, but he hailed the efforts undertaken—despite harsh conditions—by the government of Mrs. Violeta Chamorro. Commenting on rumors that the contra known as El Tigrillo armed himself and headed for the mountains with 200 men, he condemned the action, saying that it is uncalled for and unjustified. The legendary RN guerrilla made these remarks with aplomb, calling on the people—especially the political leaders—to direct their efforts toward helping the fatherland rather than their own interests. Here is the interview with Israel Galeano.

[Begin recording] [Galeano] Indeed, one must look at the nation's situation after ten years of the Sandinist regime and four months of the Chamorro government. I think the RN is now the poorest group. We realize, however, that the government has been working hard, since we are not the only group that needs to resolve its social and economic problems. In light of this situation, my work with the former fighters is to encourage them to get organized and plan their development programs once they are legally settled on the lands that the Agrarian Reform National Institute is distributing.

Admittedly, the necessary support is lacking because neither the government nor we are participants in the organization handling this program—namely, CIAV [International Support and Verification Commission], which works under an established plan. We have no role to play regarding resources, nor do we participate in the handling of the resources, which are being spent in a bureaucracy.

[Reporter] Can you answer a question that may be embarrassing for you? Some news media report that you received many dollars from the Ortega brothers, so you [words indistinct] the government. What can you say about that?

[Galeano] Anyone making that statement has very narrow-minded political views. He can say that someone belongs to one party and yet represents a group like the RN simply to hurt that person. I can tell you that only the people of Nicaragua, who saw me crossing from border to border, and the Sandinists, who saw my operations in their military statistics, can say that you cannot set a price of $25,000 on me. I never had a price. I was born for the fatherland and learned to work with dignity.

I thank my comrades for they way they treat me. This way, time will tell the truth. Only government groups have given us some backing and not in the form of money, but in the form of transportation. The former rebels have vehicles provided by the Government Ministry and the Army, which is a legal institution of this country.

[Reporter] What have you heard about El Tigrillo? Sandinist news media report that he has taken up arms again.

[Galeano] I am unaware of that. I do not agree with anyone who makes that decision. At this point, anyone saying that he is heading for the mountains to solve economic problems should say instead that he is behaving like a criminal. Nothing justifies a war. Two armies fought for ten years. The people of Nicaragua would be the only losers. No one can claim a military victory over the other. An international group stepped in to put a stop to a war that was going to rage forever in Nicaragua.

[Reporter] Do you think that the country's economic, social, and political problems will be solved?

[Galeano] I think so, if the political sectors work with their sights set on the future and their hearts on their fatherland, rather than sitting at their desks, imposing their views, and even talking of war—solely for their personal political interests. The government can do so much if Nicaraguans work, think of the fatherland, accept their democratic responsibilities, and make an honest living. [end recording]

Panama

Endara Views Public Force Retirements, Assembly

PA1309152690 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Sep 90

[Interview with President Guillermo Endara Galimany by unidentified reporter in Panama City on 12 September—recorded]

[Text] [Endara] Most of the Public Force [FP] members who have retired are doing so in accordance with our country's retirement laws. They are simply going on leave first. They have accumulated leave, and once this leave is taken, they will meet the retirement requirements. These retirements are, therefore, not affecting the Social Security Institute more than necessary or beyond what the law establishes regarding special retirements. These cases are very special and are regulated by the law. Many other professionals also enjoy this special retirement plan.

Only a small group of those who are retiring are doing so under the early retirement plan. We are doing this basically to benefit the FP and the country in general without dramatically hurting the careers of these distinguished gentlemen, policemen, and officers.

[Reporter] Are these forceful or voluntary retirements?

[Endara] These are voluntary retirements.

[Reporter] Mr. President, does it seem to you that the current Panamanian legislators are doing things that have little to do with their job, especially in view of the fact that our country needs solutions to its housing, unemployment, and education problems?

[Endara] I urge you to attend parliament sessions in any free and democratic country. You will see similar and worse fights than the ones you have seen here. The other day, the editorial of one of our newspapers mentioned that during a session of parliament, the Japanese legislators started to hit each other with their chairs. We all know that the Japanese are very educated and productive people. They are perhaps the most productive people in the world. If the Japanese legislators hit each other with chairs, what can we expect from ours legislators, who are still using infant walkers?

[Reporter] Do you expect more from the legislators?

[Endara] I believe they are aware of the serious responsibility they have upon their shoulders right now. I think they will work more effectively. Once we make some progress and move this country forward, I will invite the legislators to hit each other with chairs.

[Reporter] Mr. President, do you fear a negative reaction from the FP members who have retired?

[Endara] The times of the Defense Forces are over, and I hope we will never have to experience those times again. Those times no longer exist. The times when the president could not make decisions and when the Armed Forces rebelled against and overthrew the president are over. I am not a disposable president. At any rate, this government has the right to organize its police force as best as it can and to benefit the primary interests of the homeland.

Workers Letter to President Rejects Reforms

PA1409030690 Panama City LA ESTRELLA DE PANAMA in Spanish 9 Sep 90 pp a-1, a-2

["Open letter" sent to President Guillermo Endara from the Confederation of Workers of Panama in Panama City; date not given]

[Text] Guillermo Endara Galimany

President of the Republic of Panama

Mr. President,

During the election campaign of May 1989, you promised the Panamanian working class that when you obtained political power in Panama your government would not introduce backward reforms to the Labor Code. Only eight (8) months after the inauguration of your government, however, there are already at least two labor reform initiatives at the Legislative Assembly. Meanwhile, highly influential groups within the government alliance have been (and continue) promoting "backward" reforms inside and outside the government. These reforms even ignore basic human and labor rights, which, among other things, "have the strength of a law" because they are contained in ILO [International Labor Office] international agreements that have been ratified by Panama.

The Panamanian labor movement does not oppose initiatives promoting the modernization and improvement of labor relations and the country's productive capacity. What we cannot allow is the continuation of the same practices conducted by previous governments that forcefully impose backward reforms to the labor law, giving reasons that experience has proven to be completely false and even cynical. In the last few decades, using the same arguments of the promotion of investment, employment, and productivity, the authorities imposed various labor reforms through Law 95 of 1976, Law 8 of 1981, and finally Law 1 of 1986, which, in addition to being anti-Panamanian and pro-IMF reforms, also violated ILO Agreement No. 26 on the establishment of minimum wages.

As could be expected, the said reforms did not improve the employment situation or the population's purchasing power. Within a few months, unemployment increased drastically both in absolute and relative terms, and the underemployment problem worsened in a terrifying manner. Also, the increasing deterioration of real wages between 1976 and 1987 pushed many workers throughout the country below the line of abject poverty. This happened, not because unemployment and underemployment are the result of legal causes or of problems related to the cost of manpower, as some are again trying to make us believe, but because they are the result of very serious structural problems in our economy. The government should invest its resources and efforts to solve those problems if it really wants to overcome the underdevelopment and the economic backwardness in which the country has sunk.

For that reason, we look with astonishment at the new attack aimed at the Labor Code. The contents of the formally proposed instruments of this attack are the same as that of the aforementioned reforms. The true intention is again to seek ways to subsidize national and multinational capital—especially of the "assembly plants"—at the expense of the local workers salaries. This obviously does not contribute to the competitiveness of those companies (because of the relative low cost of manpower, which does not exceed 11 percent of the total industrial production cost). Furthermore, the rushed reforms, which some are currently trying to

impose, discredit our country because they violate ILO Agreements 87 and 98 (regarding freedom of labor movement and protection of the right to form unions and sign labor union contracts.)

Mr. President, all of the sensible sectors of the country recognize that the workers are the ones who have paid the costs of the "monetary fund testing" and the political and economic crisis unleashed by the U.S. invasion on 20 December. More than 25 percent of the work force is unemployed, and more than one-third of the work force is underemployed, earning a meager income. Since 1981 the real income has deteriorated by more than 35 percent, and more than 40 percent of the population live in extreme poverty. Between August 1987 and 1989 more than 80,000 salaried workers were cast out on the street by the private sector, despite the existing Labor Code. In terms of wages no longer received during these two years, workers have lost more than $750 million (this does not include the mass dismissals in the public and private sector following the invasion). In view of this, Mr. President, do you consider it just, moral, and fair to continue to burden the workers with the costs of the adjustment and national reconstruction, only to satisfy the voracity of the multinational companies, the assembly plants, and local merchants? The answer is obvious. We hope that you understand the moral weight it entails to knowingly condemn poor persons to desperation, with the resulting social outbreak of thousands of men and women who have not found an answer in this erroneous socioeconomic policy.

For all of the above reasons, we have also objected to the "strategy" proposed by the Mippe [Planning and Economic Policy Ministry], and we have announced our solidarity with the national producers concerning the necessity to guarantee adequate protection for the vital interests of the nation.

Consequently, the Confederation of Workers of Panama, which groups together more than 40,000 workers responsible for earning the bread of more than 200,000 persons, demands of the national government a more serious and responsible attitude on this topic. It demands:

1. Withdrawal of the government's labor reform proposals submitted to the Legislative Assembly.

2. An end to the antilabor policy practiced by the Labor and Social Welfare Ministry.

3. The revision and adjustment of the minimum wage to make it conform to the cost of living.

4. The establishment of a real concerted effort among the government, businessmen, and worker sectors to define a true development strategy and to aggressively confront the problems of employment and poverty.

The labor movement is concerned with the fate of thousands of unemployed in our country and the future of our youths. We do not want for them a world of salaries of assembly plants, which these reforms consider ideal for our people.

Without anything further, we remain,

Yours truly,

Aniani Pinzon Real, secretary general; Armando Zapata, organization secretary; Horacio Rodriguez, finance secretary; Hector Leonel Alvarez, secretary of minutes and correspondence; Josefa Hurtado, secretary of women's affairs; Rafael Chavarria, under secretary of public relations and international affairs; Carmen de Coronado, under secretary of women's affairs; Manuel de la Cruz, secretary of public relations and international affairs; Cesar Julio Restrepo, under secretary of defense; Rolando Benitez, under secretary of supervision.

For the Political Committee: Augusto Cesar Castillo, Guillermo Barahona, Pablo San Martin, Virgilio Rodriguez.

IMF Considers Country Ineligible for New Loans

PA1409021390 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Sep 90

[Text] Panama has been included in the group of nine countries ineligible to receive new loans from the IMF because of its outstanding debt with this international financial organization, which amounted to $239.5 million as of 30 April 1990. An IMF report today indicated that Panama will be able to obtain credits only if it presents positive and strong economic results as part of its economic adjustment program, which must be supervised by the IMF.

Communique on Lawyers Meeting With U.S. Envoy

PA1309121290 Panama City LA ETRELLA DE PANAMA in Spanish 12 Sep 90 pp 20, B-8

[Communique issued by the Panamanian Movement of Unionized Lawyers in Panama City on 10 September]

[Text] MAG [Panamanian Movement of Unionized Lawyers] communique:

In an attempt to restore the traditional ties of friendship and cooperation between Panamanian lawyers and the diplomatic representatives of the embassies accredited to Panama, on 10 September, MAG held a friendly meeting of rapprochement with U.S. Ambassador Mr. Deane Hinton.

After the protocolary greetings, His Excellency Ambassador Hinton expressed his wish that relations between our two countries develop harmoniously and amid mutual understanding.

Through its spokesmen, MAG expressed its interest in reestablishing the friendly ties of cooperation that

existed in the past between MAG and the official representatives of nations friendly to Panama, in this particular case, representatives from the U.S. Embassy.

In addition, MAG advised Ambassador Hinton of its decision to contribute toward the struggle against crime both inside and outside the country as aides to the justice system. MAG informed the U.S. ambassador of its efforts to prevent our country from again being used as a sanctuary for the illegal activities of foreign criminals. In this regard, MAG expressed its mutual [as published] interest in signing an agreement on the investigation of crimes and legal assistance between the two nations.

MAG also told Ambassador Hinton that despite the mutual, legitimate interest in fighting international crime, as far as the agreement is concerned, our country requests treatment similar to that given to the Bahamas, Grand Cayman, Switzerland, and other countries, the fiscal laws of which are of a territorial nature, as are Panamanian laws. We gave particular attention to the following points:

a) That actions under investigation should be considered crimes in both countries.

b) That actions that are considered fiscal crimes in the United States, but not in Panama should be excluded.

c) That all requests should be made in keeping with the constitutional and legal procedures of the country receiving the request.

d) That the law of anonymous societies in force in Panama should not be subject to negotiation.

Afterward, Ambassador Hinton sincerely and firmly expressed his views, some of which were in disagreement with those of MAG, which led to the scheduling of future talks.

MAG agreed to demand that the Foreign Ministry and Legislative Assembly allow Panamanian attorneys to fully participate in the pending phases of the negotiation and final approval of the mutual legal assistance agreement between Panama and the United States.

Issued in Panama City on 10 September 1990.

For MAG: Hernan Delgado Q., Jose Miguel Aleman, Daniel Batista, Alejandro Perez, Carlos Herrera, Jose Alberto Alvarez, Hector Infante, Marta de Martin, Gabriel Fernandez, Carlos Garcia, and Lenis Ortega de Campodonico.

Argentina

President Menem Announces Ministerial Change

PY1309150490 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1356 GMT 13 Sep 90

[Text] Buenos Aires, 13 Sep (NA)—President Carlos Menem confirmed this morning that Health and Social Action Minister Eduardo Bauza will become secretary general of the Presidency and that Alberto Kohan, secretary general of the Presidency, will become the health and social action minister.

Menem was asked if Buenos Aires Mayor Carlos Grosso may be replaced by Hugo Santilli, current president of the Central Bank. Menem replied that Grosso will continue as mayor.

Regarding the telephone workers conflict, Menem reiterated that the workers must lift the strike before negotiations can begin.

Regarding the possibility that Guillermo Alchouron, president of the Argentine Rural Society, may join a list of the Justicialist Party as a nonparty member for the upcoming national elections, Menem said that "in politics anything is possible."

Menem said this at a news conference in the Argentine Rural Society headquarters during the opening ceremony of the Sabuto Okita seminar to study the "reconstruction of the Argentine economy."

Government Said 'Inflexible' on Privatization

PY1309215690 Buenos Aires BUENOS AIRES HERALD in English 13 Sep 90 p 1

[Text] (DYN)—President Carlos Menem said yesterday that his government would be "inflexible" when it comes to the guarantees established in the privatization of its public service utilities. Menem also warned that the process of "deregulation" of the national communications network should become a "means and not an end."

Menem gave the keynote address at the inauguration of the 3rd National Satellite Symposium organized by the Argentine Chamber of Satellite Development and Application. In his speech the President stressed his government's interest in stimulating the search for new paths which would "reinsert Argentina into the fascinating world of communications."

In another part of his address Menem reaffirmed his government's committment to the deregulation process saying that "other countries have needed more time to overcome deep and painful crises and we, in a short time have done much, but we still have a lot to do."

Plans To Extend Economic Emergency Law Announced

PY1309215890 Buenos Aires BUENOS AIRES HERALD in English 13 Sep 90 p 1

[Text] (NA)—The government plans to extend the economic emergency law for another year, Presidential Legal and Technical Secretary Raul Granillo Ocampo announced yesterday.

Granillo Ocampo disclosed that the law, which expires on September 25, was likely to be extended by decree. The government would thus continue to wield the sweeping powers it was granted a year ago to tackle the country's economic woes.

He also revealed that the ministry reform law, which establishes the creation of a Treasury Ministry and a Production Ministry to replace the present Economy and Public Works Ministries, is soon to be submitted for congressional approval.

Government Rejects IMF Exchange Rate Proposal

PY1309151490 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2341 GMT 12 Sep 90

[Text] Buenos Aires, 12 Sep (NA)—The government has reiterated to the IMF that it will maintain a free exchange rate, rejecting the multilateral agency's proposal of setting a higher official rate to guarantee stability.

This information has been released by a reliable Finance Ministry source who added that Central Bank chairman Javier Gonzalez Fraga "is tired of telling the IMF that we will maintain the exchange rate set by the market and that the economy has never been as stable as it is now, using a free market."

He dismissed press reports that the IMF has exercised pressure to increase Central Bank reserves.

Central Bank sources have said that "the current reserve level is very good. It stands at $2,35 billion, and it represents about 70 percent of the monetary base."

The sources explained that "reserves have increased because of the recent income from privatizations ($250 million) and because of the commercial balance within LAIA [Latin American Integration Association] ($450 million)."

Officials Pull Out of Businessmen's Group

PY1309220490 Buenos Aires BUENOS AIRES HERALD in English 13 Sep 90 p 11

[Text] (DYN-NA)—The "Convivencia" alliance of businessmen, labour leaders and politicians saw its ranks thin as all government officials initially in the group pulled out en masse yesterday.

Planning Secretary Moises Ikonicoff denied pressure had been applied on officials by President Carlos Menem to withdraw from "Convivencia."

Other sources said the pull-out was due to a clash between the government officials and other members of the alliance over the latest round of economic measures.

Government officials leaving the alliance include Ikonicoff, SIDE [Secretariat for State Intelligence] state intelligence agency Chief Hugo Anzorregui, Culture Undersecretary Julio Barbaro, Energy Undersecretary Julio Casar Aroaz and Justice Secretary Cesar Arias.

"Officials in Convivencia are pulling out to leave this promising initiative in the hands of its creators," Ikonicoff said yesterday.

Government To Privatize National Waterworks

PY1309220090 Buenos Aires BUENOS AIRES HERALD in English 13 Sep 90 p 3

[Text] The government's privatization drive will extend to the nation's Waterworks (OSN) [National Sanitary Works], Waterworks trustee Eduardo Cevallo announced yesterday, revealing that a call for international tender is due shortly to be launched.

Cevallo stated that the privatization forsees a global investment of 800 million dollars, of which 70 million dollars would be directed towards the construction of a giant sewer complex. Other important projects include the installation of water meters.

He specified that leases would be offered on the production, distribution, and marketing of drinking water services and on the running of sewer systems.

The decision to proceed with this programme, he said, was taken this week during a meeting he held with Economy Minister Antonio Erman Gonzalez and Public Works Minister Roberto Dromi.

Final approval is still pending, however, with the signature of both President Carlos Menem and Dromi required on the decree establishing the groundwork for the privatization.

The decree includes a measure creating a regulatory committee to supervise the process. This will be comprised of the Waterworks, the central Buenos Aires Municipalities of Buenos Aires and the Buenos Aires provincial government.

The timetable of the privatization forsees concluding the bidding process within a six month-period and holding the adjudication ceremony two or three months after that date.

Editorial Criticizes Handling of Privatization

PY1309220290 Buenos Aires BUENOS AIRES HERALD in English 13 Sep 90 p 10

[Editorial: "Air Pockets"]

[Text] Privatization in Argentina continues to have a rough ride. Even if Senator Eduardo Menem yesterday played down the controversy over Aerolineas Argentinas by saying that there was little choice but to accept the bidder's terms, the airline has yet to be sold and problems loom over the Entel [National Telecommunications Enterprise] privatization. Not only are there doubts over the Bell Atlantic consortium's ability to pay the initial payment of 114 million dollars for the northern half of Entel with the prospect of its replacement by the Italian company Stet—Entel trustee Maria Julia Alsogaray has been accused of adding one billion dollars to the company's debt on top of extortionate telephone charge increases, a rundown service and labour problems. The trustee implies that this debt increase is the necessary consequence of the general policy of not paying state suppliers but many pitfalls still lurk until the privatization target date of October 8.

The apparent salvage of the Aerolineas Argentinas sale should not hide the need for an enlightenment campaign on privatization among politicians and even the Economy Ministry, not just the general public. It was not only President Carlos Menem who took umbrage at Iberia's proposal to buy Aerolineas Argentinas with the sale and leaseback of part of its fleet—Economy Minister Antonio Erman Gonzalez insisted on the initial payment of 130 million dollars being in cash. But the sale and leaseback of six of Aerolineas' 30 planes for 225 million dollars was always only one of various possibilities, including the irrevocable letter of credit now accepted. After all, the government could hardly expect any buyer's shareholders to agree to pay 130 million dollars with the question of debt waivers still open. It might seem impudent to propose buying an airline with its own planes but such sale and leaseback operations are standard enough elsewhere. Iberia may be temporarily divesting six planes but has pleged 683 million dollars for buying 15 new aircraft over the next four years. Nor should the government forget that the buyers are being asked to take over a company with 10,800 employees and 740 million dollars debt.

There are several lessons to be drawn from these hitches. Firstly, Argentina is woefully ignorant of the experience of other countries, as the primitive understanding of the sale and leaseback operation by even economic officials shows. Secondly, privatization is being rushed for political propaganda purposes, thus jeopardizing its success. Finally, the demands for cash payment suggest that the government has not even correctly understood the main purpose of privatization, which is not so much to boost state revenues as to create a more competitive economy and return the government to its true role.

Court Confirms 30-Year Sentence for Firmenich

PY1409025090 Buenos Aires DYN in Spanish 1152 GMT 13 Sep 90

[Text] Buenos Aires, 13 Sep (DYN)—Mario Eduardo Firmenich, leader of the Montoneros organization, will

go free at noon on 13 February 2014 according to a Supreme Court decision tht confirmed a court's 30-year sentence.

The Supreme Court explained that Firmenich was sentenced for his criminal participation in two terrorist attacks in 1979, and not for being the Montoneros leader.

The Supreme Court decision, which confirms the sentence imposed by the Federal Court in October 1989, was signed by Supreme Court members Mariano Cavagna Martinez, Carlos Fayt, Augusto Belluscio, Rodolfo Barra, Julio Nazareno, Julio Oyharnarte, and Eduardo Moline.

Firmenich was sentenced for the murders of businessman Francisco Pio Soldati and guard Ricardo Duran, and for the attempt to murder Juan Alemann, who was then finance secretary, and his companions Francisco Cancilieri and Ventura Delfor Mino.

Judge Martin Irurzun had sentenced Firmenich to life imprisonment, and the Federal Court did the same, but because of the extradition treaty with Brazil where Firmenich surrendered to police, the life sentence was reduced to 30 years in prison.

With the Supreme Court decision confirming the 30-year sentence Firmenich will be released at noon on 13 February 2014 unless he is pardoned.

Bolivia

Planning Minister on Impact of Gulf Crisis

PY1309163090 La Paz PRESENCIA in Spanish 9 Sep 90 p 6

[Excerpt] The Persian Gulf crisis will have both favorable and unfavorable repercussions on our economy. A global balance, however, enables us to point out that the repercussions will be more negative than positive.

This evaluation was expressed by Planning and Coordination Minister Enrique Garcia when asked about the repercussions of this international problem on Bolivia.

Making it clear that his remarks are of a very broad and preliminary nature, Garcia indicated that, at the request of the government, a serious study is being prepared in order to establish the extent to which the national economy will be affected by this crisis.

Garcia added that there is no doubt that any conflict of this nature has repercussions on the economy of all the countries, especially on the economies of the underdeveloped countries.

Although Bolivia is in a better situation than countries that must import petroleum, because Bolivia has both this natural resource and natural gas, the trend becomes negative if one considers the situation more broadly, Garcia stressed.

The rise in petroleum prices will have repercussions on the industrialized countries. It will be translated into a recession in their economies which will decrease the growth rate of those countries and, "as a result of the chain effect, will drag other countries of the world into a recession because there will be less demand for products from the developing countries, with the resulting problems for the economies of the developing nations."

On the other hand, there could also be a rise in the banking interest rates on the international market, which will have repercussions not only on the financial cost of the current foreign debt of the underdeveloped countries—Bolivia among them—but also on the contracting of future credits.

Another point that must be considered involves the possibility that, as a result of this crisis, the ability of the industrialized countries to grant credits or grants to the developing countries, a possibility that would also affect Bolivia, will be affected.

Always enumerating the negative repercussions, Garcia said that with the current petroleum prices, which are almost double those prevailing before the Gulf crisis, the prices of the capital goods produced by the industrialized countries and imported by the rest of the world will also be increased.

This situation will produce large imbalances in the economy of the rest of the nations because they will need more funds to make the same purchases.

In the Bolivian case, we must remember that in the 1980's the terms of trade registered considerable losses. During that decade we experienced a 30-percent reduction at least. This means that, in order to purchase the same product, we needed 30 percent more money by the late 1980's. The purchasing power of our total exports was reduced by $30 from every $100.

Another topic that must be taken into account in this analysis, the planning minister explained, concerns the fuel price increase in the domestic markets of other countries.

This situation could affect Bolivia, which, so as not to remain out of the international context and in order to prevent contraband to neighboring countries, might have to study "some changes in its domestic prices." [passage omitted]

Workers Reject Presence of Mining Company

PY1409004090 La Paz Television Boliviana Network in Spanish 0030 GMT 13 Sep 90

[Text] San Jose mine workers have rejected the presence of a Canadian company in the Itos foundry. The following are statements by Rulfo Rivera, COB [Bolivian Labor Confederation] secretary of conflicts:

[Begin Rivera recording] In their wish to carry out their plan of getting rid of the [words indistinct] of Itos in

favor of a Canadian private company, Oruro Department and the Oruro Subsidiary Mining Company [Empresa Minera Subsidiaria de Oruro] authorized a Canadian company to take possession of this area with the help of the police. However, workers, union leaders, and housewives once again took to the streets in this [name indistinct] sector to expel the Canadian company's representatives and workers, prevent them from installing their machines, and confirm the workers defense of the state San Jose Mining Company. [end recording]

PRC Foreign Minister Arrives in La Paz

PY1409034890 La Paz Radio Fides in Spanish 2330 GMT 13 Sep 90

[Text] PRC Foreign Minister Qian Qichen arrived in La Paz this afternoon. Tomorrow he will meet with President Jaime Paz Zamora at Government Palace.

Brazil

Iraqi Request for Food, Deliveries Denied

PY1409002090 Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Sep 90 p A-10

[Report by Roberto Lopes]

[Excerpt] Brasilia—The Brazilian Foreign Ministry yesterday declined to honor an Iraqi request for the Brazilian Government to immediately deliver 60,000 tons of sugar, a shipment of chickens, and a shipment of auto parts that had been ordered by Baghdad before the Persian Gulf crisis.

The request was made by Iraqi Ambassador Tawfiq al-Mukhtar in a telephone call to Itamaraty late on 10 September. Foreign Minister Francisco Rezek decided this matter early yesterday. In a brief meeting with some aides, Rezek wrote a single "yes" with a light blue pencil on a report prepared by the Middle East Department (Deop) which recommended a negative response to the Iraqis.

At 1050 the Iraqi ambassador got out of his black Mercedes at the private entrance to Itamaraty. He arrived alone, dressed in a light gray suit, to learn about the Brazilian response to his "demarche." He was not received by Rezek. He went straight to a building adjoining Itamaraty known as "the bride's cake," where he was to meet with Deop chief Antonio Amaral de Sampaio.

The Brazilian denial was based on the fact that the UN Security Council embargo against Iraq makes it impossible for Brazil to deliver the requested items. [passage omitted]

Jordan Agrees To Mediate for Hostages' Release

PY1409011290 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 13 Sep 90

[Text] Itamaraty has asked the Jordanian Government to participate in negotiations to release the Brazilians who are held in Iraq.

The Jordanian foreign minister has accepted the request.

New Technological Improvement Program Launched

PY1309144490 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 13 Sep 90

[Text] The Technological Training Program [Programa de Capacitacao Tecnologica] launched yesterday by President Fernando Collor is part of the new Industrial and Foreign Trade Policy that was created a few days ago.

The program seeks to create a better system of market competition among Brazilian companies.

According to Economy Minister Zelia Cardoso de Mello, the objective of this program is to modernize national industry and to make it more competitive according to market rules and to remove protectionism. Over the next five years the government plans to invest more than $5 billion in science and technology and to increase funds for this field from 0.5 percent to 1.3 percent of the GDP. Next year the government will invest $247 million in the field of science and technology.

The program also foresees associations between Brazilian and foreign companies, thus increasing the participation of foreign capital in our domestic market, which currently is restricted to a maximum participation of 30 percent.

Meanwhile President Collor will send to Congress a draft bill modifying the computer law and changing the concept of national capital. The current computer law considers a national capital company that which holds 70 percent of its shares, while the Constitution requires the national ownership of only 50 percent. The government wants to respect the Constitution.

The Technological Training Program also foresees that the National Council for Informatics and Automation, Conin, will be the organization that will define which products need market protection. In the past, this activity was handled by the Special Secretariat of Informatics, SEI. The Conin will prepare a list of products that it considers may compete with similar imported ones.

The government has not created any fiscal incentive with the Technological Training Program, although it has simplified existing ones, and it has clearly stated that existing fiscal incentives must end by 1992.

* Private Sector Asked To Direct Coffee Policy

* Discord Among Representatives

90SM0233A Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 14 Aug 90 p 1

[Article by Rolf Kuntz: "Government Challenges Coffee Industry"]

[Text] The Ministry of the Economy is inviting the private sector to take charge of coffee policy.

The government is inviting the private sector to direct coffee policy. Whoever is in charge of this policy will also be in charge of an enormous quantity of assets, which currently consists of the 20 billion cruzeiros of the Fund for the Development of the Coffee Economy (Funcafe) and the government-owned coffee stocks and other assets of the former Brazilian Coffee Institute (IBC).

The National Secretariat of the Economy has proposed to Economy Minister Zelia Cardoso de Mello that all assets resulting from the liquidation of the IBC be placed in the Funcafe; this includes lands, warehouses, and offices in a number of states. Of the current assets of Funcafe, five billion cruzeiros was recently made available to finance the maintenance of coffee stocks by the private sector—which is a form of price supports. The remaining 15 billion cruzeiros is frozen in the Central Bank, and the secretariat has formally requested that this sum be unfrozen (as of early yesterday there had been no response).

The invitation to take charge of the coffee policy was transmitted early yesterday in Sao Paulo by Joao Cunha, assistant national secretary of the economy, to representatives of the growers, the processors, and the export trade. "The sooner you gentlemen are able to assume this responsibility, the better for us." This representative of the government pointed out out that the National Secretariat of the Economy has a heavy work load and added, "The sooner you gentlemen are able to assume this responsibility, the better for us." When they do, it means that responsibility for privatization of the policy is transferred to the private sector.

Even if the private sector arrives at an agreement, the executive branch will be "compelled" to retain control. This includes the final decision to support, or not to support, reactivation of the International Coffee Agreement—which has been in hibernation since July of last year—when the clauses concerning quotas and prices expire. The private sector will be heard, but in the absence of an entity to represent the entire sector the government will have to collect separately the views of the individual areas involved. The meeting of the International Coffee Organization will be held in London in the middle of next month. In the "personal" opinion of Joao Cunha, it serves no purpose to revive the agreement if this means accepting conditions that the government rejected a little over a year ago, when the attempt to reduce the Brazilian quota was the central problem.

For a long time the various groups in the coffee economy have been unable to come to an agreement. The coffee roasting industry, for example, has advocated that coffee accumulated in the government's stockpiles be sold, so as to bring down the price of its raw material. The coffee ranchers are opposed to the idea. Only yesterday Assistant Secretary Joao Cunha had to turn his attention again to this matter, saying that these stocks would be tampered with only if problems arise in connection with domestic supply. The government obviously does not believe that there are any such problems at the present time.

There is also a split between exporters and coffee growers. The exporters are generally opposed to reviving the international agreement on quotas, which has been suspended since July of last year. Some groups of growers—hard hit by the drop in world prices since suspension of the agreement—have manifested an interest in obtaining an international compromise.

Lastly, even among the growers there are different currents of opinion, and not even the National Coffee Council (CNC)—the largest organization in the coffee sector—has represented all the currents among the coffee growers. Mauricio Lima Verde, director of the Coffee Committee of the Agricultural Federation of Sao Paulo state (FAESP), summed up the situation yesterday following the meeting. "No one knows who constitutes the private sector," he said. On the growers' side, the CNC has maintained the political initiative, and its board of directors has already scheduled a meeting for today to discuss the government's proposal.

* CNC To Be Interlocutor

90SM0233B Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 15 Aug 90 p 4

[Article by Rolf Kuntz: "Coffee Growers Unite To Gain Influence in the Sector"]

[Text] The government already has an interlocutor to represent the growers in connection with the new coffee policy—a policy for an export trade that averages $1.5 billion per year. This interlocutor is the National Coffee Council (CNC), which now has the support of the principal farm and cattleraising organizations such as the Brazilian Rural Association, National Agriculture Confederation, and Organization of Brazilian Cooperatives. It was a speedy response to the invitation to the private sector to take charge of coffee policy—an invitation transmitted day before yesterday to growers, processors, and exporters by Joao Cunha, assistant national secretary of the economy, at a meeting in Sao Paulo.

If the influence of the CNC prevails, the government coffee stocks will not be released for consumption for a long time yet. The CNC also opposes reactivation of the international quota system so long as world production does not again increase dangerously.

The political agreement among the coffee growers that was reached yesterday in Sao Paulo surprised veteran members

of the agricultural organizations. Now, without any other associations competing for the right to speak in behalf of the coffee growers, this competition for power has been transformed into an internal struggle within the CNC. The first test will be the election of the new board of directors, scheduled to be held within three months. Some seats will probably be offered to representatives of the new organizations associated with the CNC. Yesterday, in fact, leaders with ties to the current board of directors proposed openly and unequivocably that Jaime Miranda be retained in the chairmanship of the CNC—or at least in some important post. Behind the scenes there has even been mention of Roberto Rodrigues, president of the Organization of Brazilian Cooperatives (OCB), as a possible candidate.

Roberto Rodrigues has proposed that the coffee growers organize to gain more economic influence as well. He cited as an example the orange growers, who were able to negotiate more effectively with the processors after they too assumed control of a processing plant, Frutesp [expansion not given]. He pointed out that the OCB has already coordinated the creation of an export company and has commissioned studies looking toward creation of a cooperative bank.

Chile

Government Unable To Help Engineers in Iraq

PY1309225490 Madrid EFE in Spanish 1859 GMT 13 Sep 90

[Text] Santiago, 13 Sep (EFE)—Chilean Foreign Minister Enrique Silva Cimma today stated that the seven Chileans being held in Iraq will not be able to leave that country unless their company decides to solve some contract problems with the Iraqi Government.

In remarks published today by the Santiago press, Silva Cimma confirmed what EFE reported from Amman on Tuesday [11 September], that the problems preventing the departure of the seven Chilean engineers "cannot be solved by the Foreign Ministry."

The seven engineers were part of a group of 31 employees of a Chilean company that has been working on an industrial project outside Baghdad.

Of that group, 24 were authorized to leave Iraq, and they are back in Chile.

During the Iraq-Iran war, the company that the people being held in Iraq work for sold cluster bombs and other military equipment to the Iraqi Government. According to a company official, current projects are not related to war industry, although some U.S. press media have expressed doubts about this.

The Chilean foreign minister said that the government "has made all possible negotiations at the appropriate level," but the release of the seven engineers "is connected to relations between the private company that contracted them and the Iraqi Government.

Silva Cimma added that the Foreign Ministry "has no other possibility of carrying out negotiations at the official level" following the appropriate attempts, even seeking assistance from the United Nations, the OAS, and the Arab League.

However, the company's spokesman, Raul Montecinos, has stated that the company "has strictly fulfilled all pending commitments with Iraq," and ruled out the possibility that Iraq is holding the engineers to put pressure on the company to fulfill pending contracts.

Montecinos added that the company's owner, Carlos Cardoen, has been personally trying to find a way to solve this problem, and that Cardoen himself has sent to Iraq "a person he fully trusts to carry out direct negotiations that we hope will be fruitful."

Montecinos denied the existence of pressure by the Iraqi Government, and added that the enterprise fully complies with the Chilean Government's decision to join the economic and trade embargo resolved by the United Nations due to Iraq's military invasion of Kuwait.

"If we say we will continue sending people and the elements that are manufactured here, we would be violating Chilean and international law," Montecinos said. He said that the alleged Baghdad pressures are mere "speculation."

Aylwin Summons Pinochet To Discuss Comments

PY1309203090 Santiago Radio Chilena Network in Spanish 1700 GMT 13 Sep 90

[Text] President Patricio Aylwin has summoned Army Commander General Augusto Pinochet to meet with him at La Moneda Palace on Thursday, 20 September, to analyze the past week's situation, which was caused by the latter's comments.

This was disclosed today by Defense Minister Patricio Rojas, who said he informed General Pinochet about the president's decision this morning.

Chamber of Deputies Rejects Pinochet's Behavior

PY1309204090 Santiago Radio Cooperativa Network in Spanish 2300 GMT 12 Sep 90

[Text] The Chamber of Deputies decided by a majority to reject General Augusto Pinochet's behavior. The decision was approved at the end of a Chamber of Deputies special plenary session, which was convened to analyze the Army commander's polemical statements. A motion made by the government coalition was approved by 58 votes to 43.

The declaration states that the Chamber of Deputies rejects General Pinochet's behavior and reiterates the need for all state officials, civilians as well as military, to behave in accordance with the Constitution and the law, as befits a state of law.

During the session, deputies also voted on a motion presented by National Renewal, which was approved by 43 votes to 34 with 24 abstentions. Those who abstained were mostly Christian Democratic Party representatives. The motion states that the Chamber of Deputies agrees that it would be regrettable if political differences on the Armed Forces' recent participation in government and on those who direct it today make people forget the Armed Forces' essential role as a permanent state institution created to guarantee national security and institutional order in the country.

The declaration states further that the recent history of other countries regarding the way the process of transition to democracy must be conducted clearly shows that we must work for the unity of all civilian and military authorities in order to guarantee full implementation of the democratic system.

A motion made by the UDI [Independent Democratic Union] was rejected by 52 votes to 35. The Chamber of Deputies also rejected a motion to present a constitutional accusation against General Augusto Pinochet. Claudio Huepe, Christian Democratic Party bloc leader, and Armando Arancibia, of the Socialist bloc, said it was not convenient to encourage a climate of hostility against the Armed Forces.

In the afternoon, however, Deputy Sergio Aguilo said the Christian Left had enough support to present a constitutional accusation in coming hours. We do not have all the required signatures, but we have held reserved meetings, and we think we will have the minimum number of votes to make a presentation, Sergio Aguilo concluded.

54.6-Percent Increase in Foreign Investments

PY1409025890 Madrid EFE in Spanish 0249 GMT 12 Sep 90

[Summary] Santiago, 12 Sep (EFE)—Fernan Ibanez, executive secretary of the foreign investments committee, disclosed today that foreign investments in Chile during the period January-August amounted to $898 million which represents a 54.6-percent increase compared to the same period last year. Ibanez said that of the investments that have already been made, $492.6 million have been devoted to the mining sector.

Foreign Under Secretary Visits East Europe

PY1309155890 Santiago Radio Cooperativa Network in Spanish 2300 GMT 12 Sep 90

[Text] Foreign Minister Enrique Silva Cimma today said there are encouraging possibilities for increasing Chilean trade with Eastern Europe. The minister briefed reporters on the visit that Foreign Under Secretary Edmundo Vargas is making to five East European countries that include Hungary, Poland, Czechoslovakia, and the Soviet Union. Here is what Silva Cimma said:

[Begin Silva Cimma recording] There have been agreements at the political level and for opening trade markets. There are great possibilities, very promising possibilities, for opening new markets and for signing agreements in the areas of trade, cultural, and technological exchanges with East European countries. [end recording]

Among the agreements signed in Hungary it is worth noting that visa requirements for diplomatic, official, and special passports have been removed, that the agreement on trade will strengthen our two countries' bilateral trade, and that cooperation on points of common interests in international organizations will be strengthened. Another agreement includes scholarships and the creation of a Chilean-Hungarian Chamber of Commerce in Chile.

Colombia

Two 'Extraditables' Sent to United States

PA1209024090 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Sep 90

[Excerpt] Today, the Colombian authorities sent two extraditables to the United States. The Colombian Government considered them to be sufficiently implicated in drug trafficking; therefore, the corresponding extradition authorizations were signed.

The two extraditables are Raul Hernan Buschelli and Jose Hilario Ortiz. Kido Buschelli, brother of the former, was not extradited because during a televised address, President Cesar Gaviria announced that the government had rejected the U.S. Government's request for Kido Buschelli's extradition. [passage omitted]

M-19 Makes Changes in Organizational Chart

PA1409000490 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 13 Sep 90

[Text] M-19 [19 April Movement] has completely reshuffled its administrative and political organization. Former M-19 commanders have been replaced by collective leaderships to definitively establish the so-called M-19 National Democratic Alliance Party. The new chief of the M-19 National Directorate is Oti Patino.

Ten months after it surrendered its weapons and joined the country's civic life, M-19's organizational chart has been completely changed. As of today, M-19 will no longer have military commands or military leadership—units that existed during M-19's rebel past.

M-19's administrative reorganization includes the creation of a single national leadership and a central political commission similar to that of the Colombian Liberal Party. Consequently, M-19 appointed former guerrilla and architect Oti Patino to be the single M-19 chief. In

addition, M-19 appointed the central political commission members. The commission consists of: German Rojas, Libardo Parra, Vera Gave, Eder Bustamante, and Arjaid Arduanduaga.

During its 15 years of guerrilla struggle and 10 months of civic life, M-19 has had five commanders. Jaime Bateman Cayon was the M-19 commander from the creation of M-19 until 1983. Bateman died in a plane crash and was replaced by Ivan Marino Ospina, who died a year later. Alvaro Fayad was the M-19 commander between 1984 and 1986; he was killed in Bogota during a police operation. Fayad was replaced by Carlos Pizarro Leongomez in 1986. Pizarro negotiated M-19's reincorporation into civilian life and was then murdered on board a plane flying from Bogota to Barranquilla. The last M-19 commander was current Health Minister Antonio Navarro Wolff. A tragic flaw always surrounded the first four commanders.

[Begin Navarro recording] That tragic flaw is basically our country's history. It is not exclusive to M-19. [end recording]

M-19 also appointed Former Commander Uno Rosemberg Pabon, who led the occupation of the Dominican Republic Embassy in Bogota, to be the head of its list of candidates to the Constituent Assembly.

Government Issues Decree on Criminal Sentences

PA1409013990 Bogota EL TIEMPO in Spanish 7 Sep 90 p 5c

["Government Decree 2047 of 1990" issued in Bogota on 5 September]

[Text] Article 1—As long as public order continues to be disturbed and the national territory is in a state of siege, those who committed any of the crimes specified in Law 30 of 1986 and other provisions added to it or that modified it, or any of the crimes under the purview of public order or specialized judges before this decree came into effect, will have the right to receive a reduction of their sentences or a suspended sentence in keeping with the provisions of this decree, if the following requisites are fulfilled:

1. That the person is not under detention.

2. That the person voluntarily appears before a criminal judge or judge who tries both civil and criminal cases in the Republic, and freely and spontaneously confesses punitive actions in which he has participated as author or participant, as long as this can be used as the basis for a sentence.

3. That in his confession he reports any goods used to carry out the illegal action or those goods that are directly or indirectly the product of such an action, if there were any.

If weapons or any other goods that cannot be sold are involved, he must turn them over to the judge if they are in his hands at the moment of the confession, or effectively help to secure such weapons.

Paragraph—Despite what has been stated in this article, for the crimes of illegal possession of weapons and association to commit a crime, the benefits will be applied to those who commit punitive actions up until 180 days after this decree takes effect.

Article 2—If the judge who receives the confession is qualified to deal with the case and he is already handling the case, he will continue to be in charge of it, to receive results of the investigation, and to define the individual's juridical situation in keeping with the law. If need be, the judge will order the immediate release of the accused without bail, with the commitment of showing up should he be required in the proceedings, if the crimes involved are only illegal possession of weapons and association to commit a crime.

Should this individual confess other crimes or crimes different than previously confessed ones, but they are all under the purview of public order or specialized judges or related to them, this individual will be preventively detained without right to bail.

Article 3—If a judge is qualified because of the nature of the crime, but is not trying the case, he will proceed to order a court investigation, receive testimony, and define the legal situation according to the terms and conditions set forth in the preceding article. The judge will simultaneously establish a case regarding confessed punishable deeds, and remand the brief, together with the defendant and goods if there are any, to whoever is trying the case.

If no further information is received within the following five days, the proceedings will continue.

Article 4—If the judge to whom the case has been presented is not qualified to investigate punishable deeds, he will immediately remand the defendant, goods if there are any, and the brief to the qualified judge to open the case. The qualified judge will order a court investigation, will receive testimony, and will determine the defendant's legal status and his right to bail, according to the dictates of Article 3.

Paragraph—To hear a sworn statement, the terms mentioned in Article 412 of the Criminal Procedure Code will apply starting the day after the detainee is handed over to the judge.

Article 5—The Justice Ministry shall be able to order a change in the initiation of a legal process through the procedure contained in Legislative Decree 2490 of 1988.

Article 6—The process will be initiated for all the crimes that were confessed, so long as these crimes are contained in Article 1 of this decree or related to those crimes, following the abridged procedure established in the second book, seventh title, only chapter of the

Criminal Procedure Code. However, the provisional freedom, mentioned in Article 483 of said statute, will be ruled out.

If the individual confesses to crimes other than those mentioned in Article 1 of this decree, or if he is tried for crimes different than those he confessed, the respective processes will be handled separately by the appropriate judge. Thus, some crimes that were not confessed may be related to crimes that were, and so the unity of the process will be broken.

Article 7—If the conditions mentioned in Article 1 of this decree do not apply to any of the persons who participated in the commission of punishable actions that were confessed, the judge handling the case will investigate those actions on a separate basis, thus breaking the unity of the process.

Article 8—When the defendant confesses only to the crimes of carrying illegal weapons or association to commit a crime, the judge will suspend the sentence for a period of time equal to that imposed by the sentence, in the terms mentioned in Articles 69, 70, and 71 of the Criminal Code. If he confesses to other crimes, the judge will sentence him for all of them, but will lower the sentence that can be imposed, as follows: by one-third for confessing, and by up to one-sixth for the cooperation he may have provided to uncover the other perpetrators or persons involved in the crime and for the value of the goods reported.

Article 9—The benefits established by this decree for cases of confessions and cooperation with justice are incompatible with the benefits granted for this same conduct by criminal laws, but the beneficiary can take advantage of the benefits of either one, at his own choice.

Article 10—Payment for damages will be included in the sentences for crimes that are covered by this decree.

Article 11—All property listed in the defendant's confession shall be confiscated by the state, including property owned by third parties whose direct link to the crime is proven by any other means, regardless of who owns that property. Excluded from confiscation is property owned by third parties who acted in good faith.

Paragraph—All of the above articles will be implemented, regardless of the current laws, but neither temporary nor definite arrangements will be made for properties linked to or resulting from the crimes referred to in this decree.

Article 12—If any of the crimes confessed is committed abroad, the judge shall append the evidence through the procedures outlined under chapter three in the fifth book of the Criminal Procedure Code, and include it in the case in accordance with Article 15 of the Criminal Code. No extradition for these crimes will take place unless further evidence is presented that substantially changes or weakens the case.

Article 13—Trials will be carried out under the special or general laws established in this decree.

Article 14—This decree becomes effective from the time it is published and overrides any laws to the contrary.

For release and publication.

Paraguay

Navy Commander Calls for Armed Forces Unity

PY1409003090 Asuncion HOY in Spanish 13 Sep 90 p 3

[Text] Yesterday Navy Commander Vice Admiral Eduardo Gonzalez Petit called for "the unity of all Armed Forces members and consolidation of the new political situation of broad democratic liberties inaugurated by the Armed Forces headed by General Andres Rodriguez."

The Navy commander made this statement yesterday during a ceremony to commemorate the patron saint of the Navy "Stella Maris" at the national Navy headquarters. Several ceremonies took place, which President Andres Rodriguez, high-ranking military chiefs, ambassadors, and relatives of Navy personnel attended.

During a ceremony in which new conscripts swore allegiance to the motherland, Gonzalez Petit said: "This ceremony, deeply revering our history and of great importance to those who are participating in it, compels all military men to promise, before the national flag and in memory of our national heroes, to restrict our actions to national interests and the norms of our disciplinary relations."

The Navy commander added: "Just like our comrades in the other forces, we express our most sincere purpose of loyally following our commander in chief, to whom we promise our most resolute support to guarantee compliance with what he expressed in his 3 February proclamation. We do so with dignity, without being blinded by feelings of hatred or vengeance, by somewhat forgetting evil things of the past, and by dedicating our best efforts to our country's present and future, which looks promising."

Following the speech, Vice Admiral Gonzalez Petit received the "Navy Aviation Pilot" pin from President Andres Rodriguez.

The president also presented the "National Navy Medal" to the following Navy captains: Luis S. Schroeder Martinez, Pedro Rivas Jara, Quirino Fernandez, and Carlos A. Cubas Vildosola.

Peru

President Fujimori Grants News Conference

PY1309120090 Lima Television Peruana in Spanish 0001 GMT 13 Sep 90

[News conference by President Alberto Fujimori with unidentified reporters at Government House on 12 September—recorded]

[Excerpts] [Fujimori, in progress] ....in the first place to fight against inflation is the second part of this economic program.

This reactivation, this fight against recession, will be implemented through measures that will favor productive activities and those sectors where jobs can be generated.

For example, the construction sector will be reactivated through the building of schools, as well as through a program for repairing our main highways.

We also plan to reactivate the fishery sector by constructing new vessels and increasing our fishing capability.

[Reporter] When will this be implemented?

[Fujimori] This has already been started on a small scale with the construction of schools in villages.

[Reporter] Mr. President, regarding the tapping of telephones, the committee sent you a report during the past few days. What does this report say?

[Fujimori] Well, it is an intelligence case. We cannot make the details public, especially not if the matter pertains to national security.

[Reporter] Do you believe that the information on this case is being handled correctly? How are the politicians responding to the case? Do you believe that everything is normal and correct? Have there been any excesses?

[Fujimori] I understand that these charges refer to the previous administration. It does not come within the responsibility of my government. Everything is being simplified in the delicate subject that is national intelligence and security.

[Reporter] Mr. President, your tariff policy is still pending. What can you tell us about this?

[Fujimori] The tariffs program will be announced very soon.

[Reporter] [Question indistinct]?

[Fujimori] This information has been provided by General Diaz, and it is inaccurate. That statement has been distorted.

[Reporter] Mr. President, could you tell us whether Peru has made a payment of $25 million to the IMF this week as has been reported by the media?

[Fujimori] That sum is incorrect, but we are up to date in our payments to the IMF. These payments are being made on the basis of agreements that were obtained by our previous negotiator, Senator Abel Salinas. We are fully up to date with our payments to the IMF.

[Reporter] But what is the amount? You say it is not that amount. How much has Peru paid?

[Fujimori] I do not remember the exact amount.

[Reporter] Could you tell us about the talks you had with the president of Occidental Petroleum two days ago?

[Fujimori] The president of Occidental Petroleum, Mr. (Moultin), listened to our position regarding the economic policy of my government, and he expressed his open position regarding investments in oil exploration and exploitation. We believe that there are good prospects in this respect.

[Reporter] Was the Camisea gas field discussed?

[Fujimori] No. We talked in general terms, this point comes under the sphere of the Shell Company.

[Reporter] [Words indistinct] an economic adjustment, have you evaluated the results, are things going well, and have there been any setbacks?

[Fujimori] Of course we are making constant evaluations. There have been concrete results during this month concerning inflation. One of the clearest advances is that we can now refine our programs, by, I repeat, implementing price cuts: Readjustment in the price of kerosene, diesel oil, and the balancing of the fiscal aspect now permits the deferment of this payment in order to not overload electricity rates in just one month.

Of course, I am taking advantage of the opportunity to urge the population not to waste electricity that is already scarce in the country because of the serious attacks that the energy network has suffered over the past 10 years.

[Reporter] Mr. President, how do you see the response of the Peruvian people to the readjustments that have been made over the past 45 days? What has been the response of the average Peruvian?

[Fujimori] I have visited several villages. Several settlements close to Lima, some in far-off provinces such as Tarma and Ayacucho, and I have observed that the population is responding in a very responsible, mature, and knowledgeable way. This is contributing a lot to the success the economic program is currently experiencing.

[Reporter] Mr. President, what will this month's inflation be?

[Fujimori] We are not fortune tellers, but we hope that it will not surpass 10 percent. We hope that by the end of the year inflation will not surpass 100 percent per year.

[Reporter] Mr. President, what is the situation of the other public services, such as water and telephones?

[Fujimori] There will be no readjustment of telephone and water rates, except for some cities where the increases will occur within the context of our policy to get state enterprises to balance their books.

[Reporter] Mr. President, you have stated that the August electricity bills will not be paid in full, but that they will be paid in installments. Will they be reduced in September?

[Fujimori] A study is being made of the rates, especially of the social rates, the basic rates [los primeros tramos del consumo]. Naturally, the overall electricity bill will be reduced substantially because electricity will be used sparingly in each home, economically, and therefore overall consumption will be reduced.

[Reporter] Mr. President, what can you tell us about your upcoming trip to the United States?

[Fujimori] I can tell you that I have rejected the possibility of going to the UNICEF summit because I believe that my presence here is important while the economic program is being implemented.

[Reporter] [Words indistinct] special powers from Congress. Are you bothered because they still have not granted them?

[Fujimori] No, I am not bothered.

[Reporter] Will you insist upon your request?

[Fujimori] My request is still valid. Those of us who have learned something about politics have learned not to be bothered. To the present time it has not bothered me.

[Reporter] Mr. President, do you believe that Peru will rejoin the international financial community by the end of the year?

[Fujimori] We have made that objective loud and clear, and the prime minister has ratified this in his address to Congress.

Of course there are several steps to be taken. This means, as I stated after my trip to the United States and Japan, that we have to obtain guarantees of approximately $1 billion from a group of friendly countries so that we can cover some of the debts we have with these three international organizations: The IDB [Interamerican Development Bank], the World Bank, and the IMF.

Peru owes $1.8 billion to these organizations. Therefore, we need to obtain $1 billion. We are dealing with this now. [passage omitted]

[Reporter] Mr. President, after more than 40 days of government, how do you assess the antisubversive struggle? How do you view the terrorist issue these days?

[Fujimori] I must say that I cannot be optimistic concerning the results achieved, but we are taking measures to contain the terrorist advance through the antisubversive struggle.

I must also say that the signing of an agreement with the United States on the supply of arms for the struggle against drug trafficking worth, as you all know, $35.9 million, is still pending.

[Reporter] When will that agreement be signed?

[Fujimori] I am not going to sign the agreement the way it has been drawn up.

[Reporter] What is the priority for paying the debt to the financial organizations that you have mentioned in your economic program until December?

[Fujimori] The international organizations and the creditor countries of the Paris Club know perfectly well that Peru is not in a position to pay the entire debt.

We are making payments—which I repeat were promised by the former government—to the IMF, to the ALADI [Latin American Integration Association] and to other organizations. Of course, this requires a full renegotiation of our debt in an integral manner.

[Reporter] Mr. President, could you explain why Peru will not sign that agreement [with the United States on the supply of arms for the struggle against drug trafficking]?

[Fujimori] There are several factors. One is because this agreement would only encompass the struggle against drug trafficking, and it contains conditions that both the Armed Forces and myself consider unfavorable.

Gentlemen, thank you very much.

Prime Minister To Request Financial Support

PY1309130090 Lima Television Peruana in Spanish 0100 GMT 13 Sep 90

[Text] Economy and Prime Minister Juan Carlos Hurtado Miller has reported that studies are being conducted to restructure public utility rates and the new exchange policy. Hurtado Miller said this today just before departing for Argentina where he will request financial support for the emergency social program.

[Begin recording] [Unidentified reporter] When will the additional measures be released, such as those on interest rates and tariffs?

[Hurtado Miller] The interest rates, as I have said on several occasions, are already dropping in the market. No more than 14 or 15 percent of the money was being deposited in commercial banks, compared to that of the

past two weeks. This shows that the economy is stabilizing and inflation is dropping. However, we are working on new monetary and exchange policies with the Central Bank.

Regarding tariffs, I hope the speculation will finally end because each minister has been giving an opinion on a given subject. Tariff openings and the reduction of tariff levels affect several products, and it is obvious that the ministers would like to give their opinion on this. However, I hope this process will end this week, and by my return on Friday, I will be ready to implement the new tariffs.

[Reporter] What is your position regarding the opposition by drugstore owners regarding President Fujimori's proposal that anyone can install a drugstore?

[Hurtado Miller] I think it is very important, not only to defend free business competition, but to defend the people's right to choose. I think the state has two essential responsibilities: one is to give the option to choose, and the second is to allow the people to choose in all orders of things. The people chose their government leaders, and they have the right to choose among the different options to achieve what they find more appropriate.

The possibility of opening a drugstore means not only freedom of business competition, it also gives the people the chance to choose. I believe that this process will allow the large stores such as Monterrey and Scala [not further identified] to have an important market sector, like in the United States, where a drugstore will be established [as heard]. Of course the people must be organized—that is, must form groups, cooperatives, and other social funds and associations to be able to open their own drugstores. I think this is essential to reduce the cost of a very important element in the family budget.

Over the past few weeks we have discussed the extremely high price of medicines. The president of the Republic has verified that measures have already been adopted. A decree has already been issued, and it will be published either today or tomorrow. It authorizes imports and it also changes the rules on opening new drugstores.

[Reporter] Regarding electricity, the Senate is also proposing a reduction of prices. What is your opinion about this?

[Hurtado Miller] Of course the president and I are concerned over the high electricity rates. We were discussing today the possibility of granting advice to the National Tariff Commission, because by law they establish these tariffs. We would like to see a tariff restructure. Although it is true that the preferential dollar rate exists, those with lower incomes will pay less than those with higher incomes. I said a few weeks ago that all measures that affect the popular economy are subject to revision; however, we are unable to review measures like the gasoline price, which affects the government treasury. [end recording]

Industry Minister Discusses Economy

PY1409020290 Lima LA REPUBLICA in Spanish 2 Sep 90 Sunday Supplement pp 10, 11, 12, 13

[Interview with Industry and Tourism Minister Guido Pennano by Mariella Balbi; place and date not given]

[Excerpt] [Balbi] Mr. Minister, politicians and industrialists are maintaining that the recession that has been provoked by the package is brutal. Why wasn't the recessive impact reduced?

[Pennano] The fact that we did not have a reference point for the real impact of the measures was our greatest problem in applying the package because relative prices and the economy were in such a disarray that it was very difficult to say this or that was going to happen. In addition, the image of the program's inflexibility is not valid. In the past 48 hours we have even made some adjustments. And, I can tell you, there will be more to come. Although it can be said that this is an orthodox program, we also say that the difference between plans of that type and this one is that it is not rigid. Yesterday we were talking with members of the economic team, and we observed that it is necessary to modify the cost of money and the exchange rate. A series of adjustments are going to be implemented; otherwise, there is a greater chance that the model will fail, and the Cabinet is aware of this. Now then, to be truthful, there was disagreement on the recessive impact, but the flexibility of the model is what gives us the necessary energy to forge ahead in the same direction.

[Balbi] Moreover, your magazine MEDIO DE CAMBIO and other economists maintain that the GDP will fall 30 percent in six months.

[Pennano] Undoubtedly, that is a very strong recession. We economists need a reference unit. This why, on the basis of today's analysis, I can project figures and they will give me that percentage. But, if there are corrections, the economists will say that it is possible that the recession will not be so strong, and we cannot tell them that they were mistaken...

[Balbi] Are you convinced that the 30 percent fall will be reduced?

[Pennano] Yes. What we are planning to do within the next few days will cause a reduction in that percentage because to project a recession of that magnitude would make the situation untenable. In addition, it is unnecessary.

[Balbi] How much will the GDP fall between August and December 1990?

[Pennano] There is a trick in this because there has been a recovery of the MUC [single exchange market] dollar when compared to last year. And, when these economic factors are estimated, the fall is going to be stronger. I believe the fall will range between five and 10 points of the GDP. If we compare it with the first months of this

year, then the fall will range between two and five percent. Those of you who read my remarks may believe that I am giving a political answer, but I am taking into account the modifications that I have mentioned...

[Balbi] When are they going to be implemented?

[Pennano] The process of correcting the exchange rate and a reduction of interest rates must be implemented within the next 15 days...

[Balbi] How much will interest rates be reduced?

[Pennano] I cannot tell you because that comes within the sphere of the BCR [Central Reserve Bank]. It has been proposed that they be reduced significantly and an effort be made to place them at the international level.

[Balbi] How much is the dollar undervalued, and what is its real value?

[Pennano] It is difficult to make an estimate. Prior to the readjustment it should have been valued at between 700,000 and 750,000 intis per dollar. It is an estimate based on a previous cost structure. I believe that at this time, it should be valued at between approximately 450,000 and 500,000 intis. It is my belief that within 20 days, we will have a clear idea of the dollar's value.

[Balbi] There are people who are saying that the dollar will reach 450,000 intis by the end of September.

[Pennano] Honestly, I do not believe that the situation is so drastic. What you have said is a rigid concept. We know the path we have to follow, but we have to measure the necessary velocity. We have entered a stage of tuning—fine tuning.

[Balbi] Mr. Majluf, SNI [National Association of Industries] president, has stated that demand has been reduced excessively, and that this was unnecessary. Do you believe this to be true?

[Pennano] It is true. We have the problem of a very strong fall in demand, and this must be corrected. I believe that when the results and effects are viewed, it is very probable that the impact of some measures was greater than had been estimated, but no one has a crystal ball. What has happened is that many sectors have come to a standstill. Not many companies have used the policy of firing....

[Balbi] They are not so few, minister....

[Pennano] There is a lot more paralyzation than firings, although there have been quite a lot of the latter. It was important that this paralyzation in the economy occur in order to bring down profits.

[Balbi] Do you have an estimate of how many factories could close down due to the recession?

[Pennano] The percentage varies. The bicycle sector is at a 100 percent standstill, the glass sector at 50 percent, and the paper sector at 40 percent.

[Balbi] How many industries could go bankrupt?

[Pennano] I do not believe that will happen because we still have to implement a tariff policy. It all depends on what is done with tariffs to see if there will be bankruptcies.

[Balbi] How will the strong fall in demand be corrected?

[Pennano] With the exchange rate and tariffs. We want to bring the dollar to a more realistic level because the government's model intends to help the exporter...

[Balbi] But, the exporters maintain that they are on the edge of collapse.

[Pennano] And they are. That is why I am saying that there have to be corrections. They will be implemented, and we have already discussed them...

[Balbi] Are you asking them to have patience?

[Pennano] Of course. Please excuse me, we have only been in government for 30 days, although, from the feeling, it seems more like we have been loaded with this responsibility for six months.

[Balbi] Will the recession be overcome with salaries?

[Pennano] No. Salaries have to be increased. We are working on the possibility of increasing them in September, and they will be real....

[Balbi] But your magazine...

[Pennano] Excuse me, I have resigned all my posts, and I remain just as a shareholder.

[Balbi] Well, MEDIO DE CAMBIO maintains that if everything is indexed, inflation will explode...

[Pennano] It maintains that if everything is indexed to an expectation of what is going to be, and it is badly managed, then inflation will explode. I share that idea. We must prevent the people from indexing themselves to an expectation. The people must adjust themselves to concrete data that we have to provide. This is why we have to provide concrete data for the economic agents between now and the end of September.

[Balbi] Minister, for the time being that is not very clear. We know nothing of the rate of...

[Pennano] I agree, it is not. We have been assessing ourselves on the results of all that has been done.

[Balbi] Senator Moreyra stresses that this is an IMF program. Mr. Majluf insinuates it. What can you say?

[Pennano] The IMF is not managing the program. Things have been done in stages. We took on the fiscal problem drastically in the first stage. The IMF agrees with this because one of the fundamental proposals of this organization is to do away with the fiscal deficit. I am not an IMF advocate, and I believe that the adjustment in the variables that we will implement will begin

to put distance between the IMF and ourselves regarding harmony with that organization. Regarding the policy of tariffs, it has nothing to do with what is normally proposed by the IMF.

[Balbi] How long will it take to overcome the recession?

[Pennano] At least two long years will be needed for Peru to overcome this disaster. Speaking from the viewpoint of statistics, we can grow strongly when compared to 1990. Up to three percent of the GDP can be achieved. But if we take into account where we have come from, it is nothing. I would like to tell you that I associate recovery with only one thing: The level of investment. There will be recovery in Peru when investment is made by the private sector and not by the state. This depends on whether we are successful and if the private sector believes in us. It also depends on whether Congress approves the necessary legislation that will allow Peruvian investors to invest, because if this does not happen, no foreigner will invest.

[Balbi] It is the small and medium-sized industries that are hurt the most by the adjustment, despite the fact that President Fujimori said he would favor them. Does your ministry have alternatives for them?

[Pennano] I would like to settle the legal bases for the medium-sized and large sectors and forget about them because they do not need me anyway. It is my belief that the Industry Ministry must orient its promotion toward the micro and small enterprises. The Industrial Bank will no longer subsidize the rich with political clout. We are negotiating a $50 million line of credit with the Andean Development Corporation [CAF] that will be used exclusively for the small sector.

[Balbi] When will this happen?

[Pennano] We are negotiating. Within 45 days we will know whether we have obtained it. I am trying in every way to see that the tariff proposal that is to be implemented does not affect the medium size and small sectors, which are the sectors that suffer most from indiscriminate opening. We also want to help these sectors in everything that results in red tape. We are promoting an agreement with the municipalities to send them technicians from the ministry and the Industrial Bank. We are seeking to repeat the experience of the Villa El Salvador industrial park.

[Balbi] Minister, if there is no credit, everything falls down...

[Pennano] If I do not obtain the CAF line of credit, then I do not have a cent to do anything. I would have to limit myself to drafting legislation. [passage omitted]

Ministers Marchand, Qian Qichen Sign Agreement

PY1309172090 Lima Television Peruana in Spanish 0100 GMT 13 Sep 90

[Text] The Peruvian and PRC foreign ministers, Luis Marchand and Qian Qichen, respectively, signed today a financial cooperation agreement whereby our country will receive a $6.3-million loan without interest in addition to a donation of $630,000 for several development projects.

The agreement was signed during a meeting held at the Foreign Ministry.

[Begin unidentified reporter] [Reporter] Our country will receive a $6.3-million interest-free loan for development through the supply of equipment and technical assistance. The projects will be determined by the two countries through bilateral consultations. The loan will be repaid either in cash or in export products over 10 years beginning 1 January 2000. The PRC Government has also donated $630,000 to help the drought regions.

PRC Foreign Minister Qian Qichen said he hopes that the agreements will contribute to the development of Peru and to strengthen the relations between the two countries.

Luis Marchand thanked the PRC Government for the cooperation agreement that will be used to help the drought regions and to reactivate the small and medium-size companies. [end recording]

After the agreement was signed Qian Qichen suggested that the debtor countries should reorganize their economies to have a better chance of succeeding when negotiating their foreign debt. He also commented on the PRC economic and financial cooperation for Peru.

[Begin Qian Qichen recording in Mandarin with simultaneous translation into Spanish] The foreign debt is an international problem that has seriously affected the economic development of the Third World countries. We believe that the solution to the foreign debt problem does not only depend on the debtor countries but also on consultations among the debtor countries, the creditors, the international financial organizations, and the World Bank.

The debtor countries should reorganize their economic policies to strengthen their economies and their payment ability. The creditors and the international financial organizations should not force the debtor countries to pay the debt but should help them in their development and thus strengthen their ability to pay.

Regarding the PRC credit granted to Peru, the credit is completely different from other loans because it is a long-term loan that is free of interest. [end recording]

Agriculture Minister on Economic Prospects

PY1309181890 Lima LA REPUBLICA in Spanish 30 Aug 90 p 4,5 Agriculture Supplement

[Interview with Agriculture Minister Carlos Amat y Leon by unidentified reporter; place and date not given]

[Text] [LA REPUBLICA] Last year our agricultural situation was terrible. The agriculture sector's loss of capital following the message of Juan Carlos Hurtado, prime minister and economy and finance minister, has been even more serious. The Agrarian Bank does not have any money. What measures will the government implement to help this year's harvest?

[Amat] A stabilization program is not like moving the hands of a clock from one hour to another. Only 15 days have passed since the implementation of the program. We expect the structure of prices to change and fall into place in the coming weeks. We will have a foreign exchange rate 400 to 450 intis above the market. This will benefit a large number of producers and will generate reserves. The government will be able to design a more flexible monetary program and will give the Agrarian Bank priority.

[LA REPUBLICA] Meanwhile, what will happen? We are at the beginning of a new agricultural year, and producers need money today if they are going to begin sowing.

[Amat] Of course, the Agrarian Bank needs $800 million. We will have to give preference to the agrarian program with a good turn of the wheel. We will have to print additional amounts to help the Agrarian Bank. We have to look at the problems resulting from the drought, at the problems of small agriculture producers from the plains and from the coast, and obviously at the problems of those from Tarapoto....

[LA REPUBLICA] You said that the government will give priority to some. Do you mean that middle-sized producers....

[Amat] They will have profitable prices and will have to resort to commercial banks. A commission has been created to make sure that commercial banks help middle-size producers. This commission will also prevent cheap intis and dollars from ending up in the hands of businessmen and speculators.

[LA REPUBLICA] How will credits for small producers be handled?

[Amat] We will give as much credit as possible without hurting the Agrarian Bank or the monetary program. We will not, however, begin with zero credit and zero interest rates because that system will only leave the bank with zero liquidity, as happened in the past.

[LA REPUBLICA] Will you then eliminate the preferential credit system?

[Amat] The preferences will be different.

[LA REPUBLICA] What kind of crops will have priority?

[Amat] We will give priority to small producers and to their capitalization. The lines of credit for capitalization have been inactive for years. Regarding small agriculture producers—subjects and objects of the agrarian reform—who cannot use their land as collateral, we have to make an important decision. We need more flexibility in the land market because commercial banks need collateral to give credits.

[LA REPUBLICA] Will land then be mortgaged?

[Amat] I will give you an example. If a producer from Piura is benefited by the agrarian reform, and he raises a mortgage on his land but at the same time he demands a just price for his cotton because he knows that the deal will be profitable if he gets a just price for his produce, that would be the best guarantee.

[LA REPUBLICA] Supposing that the system works as you say, who will guarantee the climatic risks?

[Amat] We need to have a system of cooperatives to share the risks in the country. We have to resort to financial mechanisms to give credit to groups of producers, as is done by the rural funds. The three million hectares under cultivation in the country, plus the entire economic system including the mining sector, the industrial sector, etc. have to answer for the risks involved by the climate and their effects beyond the local area, or region.

[LA REPUBLICA] Will the government change the regional banking system?

[Amat] We have to restructure that. We did not intend to go against regionalization when we suspended the decree on the regional agrarian bank. The transfer of resources has been suspended for a year because we want to create a rural banking system. We are thinking of rural funds as the basis for a regional bank, which in turn will be part of a national development bank that will be able to establish lines of trust funds. The system of rural funds establishes that the proceeds from the sale of the harvest have to be deposited in the fund for use as credits in the same area. The local communities will then be in a good position to obtain resources from the region as well as from international sources. The board of directors will be made up of the producers. They will supervise the use of the money.

[LA REPUBLICA] If the drought continues and a producer decides to raise a mortgage on his land to get money, will he risk losing his land?

[Amat] That is why we have to use modern methods—a system that in fact was already used by the Incas—because there is a great diversity of crops and activities, as well as climate variations. The regions need a mechanism to reciprocate and to compensate each other in case bad weather affects one of them. This has worked

before, and it explains why the Andean cultures were able to guarantee land ownership.

[LA REPUBLICA] But the mortgage system, which is not exactly of the Incan period, will reportedly allow land ownership to be transferred to private banks or to corporations, thus increasing the chances of land being split up or accumulated; the agrarian reform will no longer be effective....

[Amat] This is how the entire economic-financial system operates in the country, whether in the commercial, industrial, or mining sectors; agriculture is the only sector that has its hands tied because the market has been structured to prevent farmers from profiting, and thus, liable to individual risks. We must first create a structure of prices for farming, making them more profitable, and second, to capitalize agriculture by building highways and by increasing production. Third, we must institutionalize capitalization—organizing producers and the organization centers, like the Rural Credit Unions [cajas rurales], for example, that will allow them to share the risks. The farmers will thus have profit guarantees and consequently, be capable of paying for their land.

[LA REPUBLICA] If a farmer goes bankrupt for being inefficient, how will the mortgage be treated?

[Amat] Here the local governments will play an important role in their the capacity of a self-government to establish the rules, to handle land issues, ownerships, awards, and sanctions.

[LA REPUBLICA] Will the limits established by the Agrarian Reform law be annulled?

[Amat] Not necessarily. Each locality will decide, for example, whether the limit is 30 hectares or whether properties with less than three hectares must be divided. In practice there is a land market, and we must make it formal and issue flexible and fast norms in the case of abandoned lands, such as in the case of conflicts over inheritance, so that the land will be well utilized....

[LA REPUBLICA] Does this mean that a new law will be issued?

[Amat] Yes.

[LA REPUBLICA] When?

[Amat] In the case of coastal land the law can be issued quickly, to accelerate the commercial bank-commercial agriculture relationship because the risk lies in that these farmers will run out of credits for the campaign, and that is as serious as not giving any social compensation.

[LA REPUBLICA] The Consensus Council [Consejo de Concertacion] has been created, but only two agrarian organizations were included in this council. Others were not considered, such as the Association of Sharecroppers [Asociacion de Parceleros], the National Federation of Coffee Producers Cooperatives, and the Confederation of Peruvian Peasants, all of which are very representative organizations. Why?

[Amat] Last Monday we held a meeting here in which they were all present; but their bargaining power must be strengthened locally. The local producers must be the ones to provide information on costs, markets, technology, and on the financial system. The government's role is to inform the rest of the country that these are the producers and that there are other factors in the market, like landless workers and the consumers. The president must make everyone sit at the negotiation table and must also be a moderator to draw lines to prevent abuses.

[LA REPUBLICA] What will they agree upon?

[Amat] First, the policy macro....

[LA REPUBLICA] But no agreement has been reached on this....

[Amat] Yes, and this has been seen in the latest elections; there was a consensus on the need for a reasonable economy. We cannot continue subsidizing everyone on an equal basis. This has been very clearly agreed upon in debates among all political trends.

[LA REPUBLICA] However, every day the people say: "We did not vote for this...."

[Amat] You have heard and seen the documents of all parties. We have agreed on the need to end generalized subsidies. That subsidy must be earmarked for the poorest sectors. The other point of consensus is the need to give priority attention to the agricultural sector. We must implement prices that will make them profitable. The dollar Single Exchange Market has been irrational....

[LA REPUBLICA] But the policy that states the market must decide everything, that the policy of free imports, of a land market, which is being implemented today is the policy proposed by Fredemo [Democratic Front] that was defeated in the elections....

[Amat] No. You must recall that when I was interviewed by Hildebrandt during the electoral campaign, he told me: "Then what you are proposing is similar to the Fredemo proposal;" and I answered: "If I say that two plus two equals four, and they say the same, I can say that Fredemo members have some brain, because they are capable of reaching the same conclusion when facing a given situation. If Fredemo says that two plus two equals four, I shouldn't say five just to be different from them. It is a matter of making decisions that will structure the economic system and get out of the aberrant use of economic policy instruments as dogmas....

Noriega's Brother Arrested; Linked to Cartels

PY1309233690 Madrid EFE in Spanish 2233 GMT 13 Sep 90

[Text] Lima, 13 Sep (EFE)—The Lima newspaper ULTIMA HORA reported today that Eduardo Noriega, brother of the former Panamanian leader Antonio Noriega, has been arrested in Peru on charges of drug trafficking and of being linked to the Medellin Cartel.

The newspaper, which cites police sources, indicates that Eduardo Noriega was arrested in Tablada de Lurin, on the outskirts of Lima, by Interpol agents supported by the Peruvian Information Police [Policia de Informacion Peruana].

The morning newspaper reports that when the alleged drug trafficker was captured he had several kilograms of cocaine in his possession that he was to have handed over to a courier of the Medellin Cartel, which allegedly had helped him enter Peru clandestinely on a vessel flying the Colombian flag.

ULTIMA HORA reports that on the basis of confidential information, the (Peruvian) Intelligence Service discovered that Noriega was holed up in Tablada de Lurin (18 km south of Lima).

The newspaper indicates that after the overthrow of Manuel Antonio Noriega by U.S. soldiers, his relatives fled to South America and sought refuge in Brazil, Colombia, and Peru.

The former president is currently under arrest in a U.S. prison.

Shining Path Murder Two, Police Kill Terrorists

PY1309143090 Madrid EFE in Spanish 2259 GMT 12 Sep 90

[Text] Huancayo, Peru, 12 Sep (EFE)—Alleged Shining Path terrorists have murdered two civilian officials for cooperating with the National Police, according to information released today in this city, 315 km east of Lima.

The incidents occurred about midnight on 11 September in the Pucara district, 12 km from Huancayo, when the alleged terrorists entered the houses of Governor Lorenzo Nolasco Maldonado and Amadeo Delfor Velazco, president of the local community. They were both shot dead.

Witnesses reported that about 20 individuals committed the murders, shouting slogans in support of the Shining Path struggle, and accusing their victims of being "blackheads" (informers of the security forces).

The National Police also reported that on 10 September two Shining Path members were killed in a clash with a police unit that was patrolling a residential area in this Andean province.

The police added that those killed were well known Shining Path militants who belonged to the propaganda command.

The police also reported that terrorists murdered peasant Eleazar Huaman Yauri for being a police informer in Sapallanga district, on the outskirts of Huancayo.

The police added that Huaman was sleeping when he was shot by the terrorists who entered his house and held his family.

The Shining Path organization began its armed struggle 10 years ago. Since then it has killed at least 21,000 people and caused material damage worth about $18 billion, which is the equivalent to six years of Peruvian exports.

Soldiers Wounded, Terrorists Killed in Clash

PY1409024490 Madrid EFE in Spanish 0146 GMT 14 Sep 90

[Text] Lima, 13 Sep (EFE)—Today military sources reported that at least eight terrorists died and two soldiers were wounded during an armed clash on 10 September in the jungle area of the Peruvian Department of Huanuco, northeast of Lima.

The clash occurred in a village called Jaimito, Aucayacu District, approximately 600 km from the Peruvian capital, in a zone that is considered a drug trafficking red zone. The Shining Path, Maoist, and Tupac Amaru Revolutionary Movement (MRTA) armed groups also operate in the zone.

A communique released today by the zone's political-military authorities indicates that three subversive criminals were captured, and four rifles, explosives, abundant munitions, and two vehicles that the rebels used for their travels were seized.

The communique does not provide major details of the clash.

Political violence in Peru has caused more than 20,000 deaths since the Shining Path group rose up in arms in May 1980, according to a special congressional committee.

Uruguay

Foreign Minister Views Trip, Policy Issues

PY1409034490 Montevideo BUSQUEDA in Spanish 6 Sep 90 pp 13, 18

[Interview with Foreign Minister Hector Gros Espiell by unidentified reporter; place and date not given]

[Text] [BUSQUEDA] What were the highlights of your trip?

[Gros] The trip was separated into two very different stages. In the first stage we visited Sweden and Finland

in response to invitations we had received. In addition to observing their particular political systems, we signed very important agreements. In Sweden, in addition to evaluating a series of projects with government and nongovernment organizations, we signed a very important cooperation agreement that is a complete innovation for this type of agreement. In Finland we also discussed several programs, and we came to an agreement on others pertaining to trade and the training of Uruguayan technicians. We also began to negotiate in principle a very valuable technological contribution to the country's reforestation, and later on we may negotiate the financial aspect of this program.

[BUSQUEDA] What were the highlights of the other part of your trip?

[Gros] The other part of the trip was basically of a multilateral nature and included a visit to Geneva to bring the Uruguayan Round of talks up-to-date and to determine the schedule from now until December and the way in which we will work to achieve an acceptable solution, despite the great difficulties that are being faced.

[BUSQUEDA] Do you believe this can happen?

[Gros] I believe it can happen. Although in this respect I am not optimistic in the sense that it will be easy, but it would be even worse to express pessimism. Uruguay has a lot to gain if this round of talks is successful and a lot to lose if it fails.

[BUSQUEDA] Does the failure of this round of talks mean that protectionism will obtain a victory?...

[Gros] A total failure, which I am not contemplating, would mean an absolute victory for protectionism. There is the possibility of a relative failure. The round of talks is in a difficult situation because the world's large commercial forces are very obstinate.

[BUSQUEDA] Regarding this position you have mentioned, doesn't it contradict the demand of small countries, such as Uruguay, that markets be opened and tariffs reduced?

[Gros] Without a doubt, and this is why we are struggling for free, nondiscriminatory, and fluid universal trade. A failure in the agricultural sector would, for us, mean a total failure of the Uruguay Round of talks, and this is why we have conditioned our contribution to a total and significant advance in the agricultural sector.

[BUSQUEDA] For Uruguay, the Iraqi conflict means the loss of important exports in addition to the oil problem. Despite Uruguay's compliance with the embargo, do you believe our country will recover that market?

[Gros] I am sure that once the conflict is over we will again have an active trade with Iraq.

[BUSQUEDA] Has Uruguay studied sending troops to the area of conflict?

[Gros] There has been no request, and the question has never been studied.

[BUSQUEDA] What are the immediate conclusions on this post-cold war conflict?

[Gros] On one hand, I see as very positive the fact that the Security Council has been able to act as a consequence of the new international context, something that it has not be able to do in this type of affair since the Charter was implemented up to the present time. It has been demonstrated that firmness is necessary in these cases. Weakness in the face of aggression did not pay off in the years before World War II, neither does it pay now. The position of the superpowers, the type of relations they maintain, and the common policies they support were inconceivable up to a few years ago. And this conditions the actions of the United Nations and the Security Council. The great danger that it [not further specified] evoked demonstrates that there can be a condominium of power between the great powers with everything that means. And this is not just my own opinion, it is the opinion of several foreign ministers. This is the first announcement within a new context in which everything is not positive because the mere fact of Iraq's aggression demonstrates how our complex world can be destabilized by a country that has 12 million inhabitants.

[BUSQUEDA] What type of attitude should be adopted by small countries, such as Uruguay, in view of this new reality, which includes the strengthening of large economic blocs?

[Gros] First, an enhanced subregional and regional foreign policy. It is necessary to be part of a large bloc during times of large economic blocs. This implies that integration must be implemented at the subregional level by Argentina, Brazil, Uruguay, Paraguay, and Chile, advances must be made in overall integration within the framework of Aladi [Latin American Integration Association], and active research conducted into the prospects the Bush initiative opens up for a free trade zone that will cover all of America. This must be done with the understanding that it must not be a bloc that is closed to others, and I believe that it is important that an East-South dialogue be opened.

[BUSQUEDA] Do you believe the process with Argentina and Brazil is going well, or is it still just a question of declarations?

[Gros] I believe it is advancing very well, which does not mean to say that it has been completed.

[BUSQUEDA] Moreover, Argentina and Brazil objected to Uruguay's participation.

[Gros] The group that is drafting the common market's schedule has been meeting since 3 September in Buenos Aires, and we will participate from the very first day. The

group will have to study macroeconomic, economic, and trade aspects, including the drafting of a multilateral treaty, something we insisted on in Brasilia that will lead to creation of the Southern Cone common market.

[BUSQUEDA] Above and beyond politics, is integration viable with economic realities that do not have a lot in common?

[Gros] No matter what the difficulties and the problems, this must be carried out, especially from Uruguay's viewpoint. It is not an option, it is an unavoidable and absolute need that has top priority. Uruguay carries this out and participates in the integration process fully and totally or we relinquish the Uruguay that we want for the next century. In other words, we relinquish a future of growth, development, and justice.

President Discusses Oil Shipment With Soviets

PY1409000090 Montevideo EL DIA in Spanish 4 Sep 90 p 8

[Text] Soviet Ambassador to Uruguay Igor Laptev has said that of late, Soviet-Uruguayan commercial and economic relations "have been strengthened," adding that bilateral ties "have grown stronger."

Laptev and Soviet Embassy Counselor Arif Agakichiev [name as published] met with President Luis Alberto Lacalle for almost one hour yesterday. The meeting was also attended by future ANCAP [National Administration of Fuels, Alcohol, and Portland Cement] chairman Andres Tierno Abreu, National Meat Institute head Jorge Leon Otero, and Foreign Trade Department director Miguel Berthet.

Sources have told EL DIA that the agenda included a recent business deal between the USSR and ANCAP involving a major oil shipment that has not been sent because no agreement has been reached on the price yet.

The ambassador said that the effect of the Persian Gulf crisis was also analyzed during the meeting, because "it has caused great concern all over the world, which has made all efforts to avoid a war."

Laptev said he was "very happy" about the meeting with the president, adding that "a president does not usually invite an ambassador to address major and significant issues in the friendly and liberal way in which Dr. Lacalle treated us today."

Army To Implement Rationalization Policy

PY1309231890 Montevideo EL DIA in Spanish 6 Sep 90 p 7

[Text] Army Commander Lieutenant General Guillermo de Nava has stated that the Army will rationalize the use of human and material resources to cope with limited funds resulting from the country's current difficult economic situation. De Nava also confirmed the Army's commitment to defend democratic institutions. "I always want more," he said, referring to the budget allocated to the Armed Forces.

Lt. Gen. De Nava made this remark yesterday at a ceremony honoring senior officers who are complying with mandatory retirement provisions after 30 years of service. Other high-ranking military officers were present at the ceremony.

At the end of the ceremony, the Army commander told EL DIA that "human and material resources (of the military institute), as well as the Army organization, must be rationalized" in order to counteract the circumstances the country is confronting today in the social and economic sectors.

"Today we are living through one of the many periods of limitations that characterizes the life of the soldier; that does not discourage, but it instead strengthens us," he said.

Studies carried out at the beginning of this year on making the best possible use of available resources will allow the Army, through an "objective and unbiased analysis," to adopt measures to rationalize the employment of resources.

"Rationalization must not affect the capacity to fulfill the mission. To act without an objective and without the rich historical background of the institution would mean a disregard for the tasks that are essential to superior command and leadership," he said.

The Army reorganization implies a thorough analysis of military problems, he said. He did not rule out a possible reduction in personnel.

When asked about the general budget program on salaries, expenditures, and investments in the national defense sector, De Nava said the Army as a state institution is "based on the country's potentials, and at this moment, we are experiencing a very difficult economic situation. Consequently, the Army is also suffering that type of impact."

He added, however, that because of his military spirit, he was expecting more resources for the military institution. "I always want more," he said.

Regarding the so-called "symbolic units," De Nava said they are organizations that are "traditional in all armies throughout the world and in all world professions." He said in this regard that there are organizations of lawyers, architects, and doctors. "The Army is a large family comprised of those who are temporarily on active duty and those who are retired," he said.

The Army commander stressed the importance of the activities of the "symbolic units," because they "provide an activity beyond the Army cadres and organization, strengthening the feelings that unite soldiers and the ties that stem from daily coexistence."

In conclusion, he confirmed the Army commitment to "defend the independence and integrity of the Republic, its honor, the Constitution, the laws, and the democratic institutions, and to comply with the strictest principles of professional ethics and the morale and dignity of the citizens."

Bank Reports Total Public Sector Deficit Figure

PY1309235090 Montevideo EL DIA in Spanish 1 Sep 90 p 13

[Summary] The Central Bank reported on 31 August that the total public sector deficit amounts to 143,415 million new pesos, which represents 3.5 percent of the GDP.

DGEC Releases Figures on Consumer Price Index

PY1209230890 Montevideo BUSQUEDA in Spanish 6 Sep 90 p 21

[Summary] The General Directorate of Statistics and Census [DGEC] has reported that the consumer price index [IPC] increased to 5.57 percent during the month of August. This increase raised the IPC to 68.97 percent for the first eight months of 1990, and to 109.43 percent for the past 12 months.

The IPC for the same month of the previous year was 4.43 percent, while the IPC for the first eight months of 1989 was 52.53 percent, and 81.03 percent for the 12-month period in the previous year.

Venezuela

Perez on Alleged Iranian Support for Iraq

PA1409020890 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 14 Sep 90

[Text] When asked about the situation in the Middle East and the support that Iran is reportedly giving Iraq, President Carlos Andres Perez has said that we should view the situation in the Middle East with great concern and not rejoice thinking that petroleum prices will rise, because a terrible calamity could be unleashed throughout the world.

Perez insisted that for Venezuela and many other countries, it is essential that Iraq withdraw from Kuwait, because borders must not be expanded through the use of force:

[Begin Perez recording] We are worried about the position that a great nation of the Persian Gulf, Iran—with which we maintain the best of relations—is apparently adopting. We have supported this country in the past when there were attempts to adopt positions against it. [end recording]

As for the foreign debt, the president denied that past due interest will be paid with windfall revenues obtained from higher petroleum prices. He added that the national congress will find funds to pay that interest from regular revenues.

Kuwaiti Delegation Asks for Increased Pressure

PA1409032690 Mexico City NOTIMEX in Spanish 2028 GMT 13 Sep 90

[Report by Silvia Sayago]

[Text] Caracas, 13 Sep (NOTIMEX)—A delegation of the Kuwaiti government in exile today met with Venezuelan President Carlos Andres Perez to request that pressure on the Iraqi Government be increased. Through the delegation, deposed Amir Jabir al-Ahmad al-Jabir al-Sabah asked the Venezuelan President to appeal to other Latin American leaders to increase their pressure against the government of President Saddam Husayn.

Venezuelan Foreign Minister Reinaldo Figueredo reported that President Perez volunteered to broach the subject during his upcoming trip to the United Nations at the end of the month. In addition, the Kuwaiti leader congratulated Perez for Venezuela's efforts within OPEC and encouraged him to continue to support the deposed Kuwaiti Government.

Cuban Singer Frank Alejo Requests Asylum

PA1309204290 Madrid EFE in Spanish 1743 GMT 13 Sep 90

[Text] Caracas, 13 Sep (EFE)— Venezuelan official sources reported today that Cuban singer Jose Francisco Alejo Fernandez requested asylum in Venezuela, taking advantage of an artistic tour of our country.

The Cuban artist, known as Frank Alejo, was a member of the Asi Canta Havana musical group, which was performing in a Caracas hotel in August.

The Cuban-Venezuelan Democratic Foundation has reported that the singer decided to stay in Venezuela and has asked the foundation for help.

The Cuban group was scheduled to leave for Havana on 11 September. When Frank Alejo failed to show up, several people were sent out to look for him.

The Venezuelan Pro-Human Rights Committee has published declarations attributed to the Cuban singer, claiming that after deciding to stay in Venezuela, he has felt free for the first time in his life.

Venezuelan authorities have not commented on the case. Frank Alejo is the third Cuban artist to request asylum in Venezuela in the last few months. The others were trumpet player Arturo Sandoval and Rene Torrente, who played the flute in the well-known Aragon Orchestra.